

Cape Winelands District Municipality
Financial Statements for the year ended 30 June 2018

Accounting Policies

1.27 Employee benefits (continued)

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other long-term employee benefits

The amount recognised as a liability for other long-term service awards is the net total of the following amounts:

- 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.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.28 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

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Figures in Rand

2018

2017

2. New standards and interpretations**2.1 Standards and interpretations effective and adopted in the current year**

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.2 Standards and Interpretations early adopted

The municipality did not early adopt any standards and interpretations.

2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107] from the date at which it first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. An entity shall apply these amendments when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2019 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

GRAP 7 (as revised 2010): Investments in Associates

Paragraphs .03 and .42 were amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .22, .28 and .38 and added paragraph .24. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2019 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

GRAP 8 (as revised 2010): Interests in Joint Ventures

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2. New standards and interpretations (continued)

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers added paragraph .50 and amended paragraphs .51 and .52. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

The municipality expects to adopt the amendment for the first time in the 2019 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

GRAP 18 (as amended 2016): Segment Reporting

Amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the amendment is for years beginning on or after 01 April 2019

The municipality expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

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2. New standards and interpretations (continued)

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 32: Service Concession Arrangements: Grantor

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

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 108: Statutory Receivables

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

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

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2. New standards and interpretations (continued)

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 109: Accounting by Principals and Agents

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. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

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2. New standards and interpretations (continued)

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2019 financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

IGRAP 19: Liabilities to Pay Levies

This Interpretation of the Standards of GRAP 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.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

GRAP 17 (as amended 2016): Property, Plant and Equipment

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2. New standards and interpretations (continued)

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; To align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

GRAP 21 (as amended 2016): Impairment of non-cash-generating assets

Amendments to the Standard of GRAP on Impairment of Non-cash Generating Assets resulted from changes made to IPSAS 21 on Impairment of Non-Cash-Generating Assets (IPSAS 21) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

GRAP 26 (as amended 2016): Impairment of cash-generating assets

Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPSAS 26 on Impairment of Cash-Generating Assets (IPSAS 26) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

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Figures in Rand 2018 2017

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 100	3 100
Bank balances	14 030 960	8 127 404
Short-term investments	602 000 000	584 000 000
	616 034 060	592 130 504

Included in the balance of cash and cash equivalents is an amount of R15 778 083 (2017: R 8 531 730) relating to the portion recovered from the Provincial Government Western Cape, Department of Transport and Public Works, in respect of the future medical aid liability of the roads staff.

No cash and cash equivalents have been pledged as security.

Short-term investments

ABSA - Investment

Opening balance	143 000 000	106 000 000
Movements for the year	(13 000 000)	37 000 000
	130 000 000	143 000 000

FNB - Investment

Opening balance	105 000 000	95 000 000
Movements for the year	(23 000 000)	10 000 000
	82 000 000	105 000 000

INVESTEC - Investment

Opening balance	81 000 000	115 000 000
Movements for the year	10 000 000	(34 000 000)
	91 000 000	81 000 000

NEDCOR - Investment

Opening balance	139 000 000	126 000 000
Movements for the year	12 000 000	13 000 000
	151 000 000	139 000 000

STANDARD BANK - Investment

Opening balance	116 000 000	114 000 000
Movements for the year	32 000 000	2 000 000
	148 000 000	116 000 000

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3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
ABSA BANK - Primary bank account	-	8 127 404	3 503 077	-	8 127 404	3 503 077
ABSA BANK - Depositor plus account	-	-	10 477 536	-	-	-
Nedbank - Primary bank account	5 030 960	-	-	5 030 960	-	-
Nedbank - Call account	9 000 000	-	-	-	-	-
Total	14 030 960	8 127 404	13 980 613	5 030 960	8 127 404	3 503 077

The management of the Municipality is of the opinion that the carrying value of bank balances, cash and cash equivalents recorded at amortised cost in the annual financial statements approximates their fair values.

4. Other receivables from exchange transactions

Allowance for impairment	(37 121)	(22 841)
Prepayments	3 320 954	2 546 872
Deposits	556 738	586 738
Insurance claims	88 371	169 394
Municipal health debtor	63 982	46 866
Rental	11 922	3 246
SALGA	-	70 287
Councillors	37 113	106 210
Accrued interest	21 057 188	11 866 171
IOD debtor	-	81 528
Other receivables	85 619	58 417
Post retirement medical aid	242 413	202 762
	25 427 179	15 715 650

Other receivables pledged as security

No other receivables were pledged as security.

No collateral is held for any of the debtors disclosed above.

Credit quality of other receivables

The credit quality of other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty defaults. The Municipality's historical experience in collection of other trade receivables falls within recorded allowances. Due to these factors, management's view is that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's other trade receivables.

Other receivables from exchange transactions

Gross balances		
Other receivables	25 464 300	15 738 491
Less: Allowance for impairment		
Other receivables	(37 121)	(22 841)
Net balance		
Other receivables	25 427 179	15 715 650

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4. Other receivables from exchange transactions (continued)		
Other receivables from exchange transactions		
Current (0 - 30 days)	365 515	412 161
31 - 60 days	4 315	35 165
61 - 90 days	1 453	200 221
91 - 120 days	1 453	20 000
121 - 365 days	-	12 895
> 365 days	676 300	622 164
	<u>1 049 036</u>	<u>1 302 606</u>

Prepayments of R 3 320 954 (2017: R 2 546 872) were not included as the future economic benefits relate to the receipt of goods and services. The interest accrual of R 21 057 188 (2017: R 11 866 171) was not included in the ageing as it is not due yet.

Other receivables past due but not impaired

Management regards other receivables from exchange transactions for outstanding amounts of more than 30 days past due. The impairment of other receivables from exchange transactions is based on the historic payment rate of the receivable.

As at 30 June 2018 other receivables of R 683 521 (2017: R 890 445) were past due but not impaired.

No other receivables were pledged as security.

Reconciliation of provision for impairment of other receivables from exchange transactions

Opening balance	(22 841)	(478 650)
Provision for impairment	(14 280)	-
Amounts written off as uncollectable	-	22 676
Unused amounts reversed	-	5 633
Provision for bad debt recovered	-	427 500
	<u>(37 121)</u>	<u>(22 841)</u>

5. Trade Receivables from exchange transactions

Gross balances

Fire Fighting	<u>52 272</u>	<u>2 537 422</u>
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Less: Allowance for impairment

Fire Fighting	<u>(37 623)</u>	<u>(2 239 846)</u>
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Net balance

Fire Fighting	<u>14 649</u>	<u>297 576</u>
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Fire fighting

Current (0 -30 days)	14 649	47 953
31 - 60 days	-	96 432
61 - 90 days	2 438	-
91 - 120 days	2 438	92 540
121 - 365 days	32 747	2 300 497
	<u>52 272</u>	<u>2 537 422</u>

Reconciliation of allowance for impairment

Opening balance	(2 239 846)	(287 751)
Contributions to allowance	(55 411)	(2 239 846)
Debt impairment written off against allowance	2 257 634	-
Reversal of allowance	-	287 751

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5. Trade Receivables from exchange transactions (continued)		
	<u>(37 623)</u>	<u>(2 239 846)</u>
Trade receivables pledged as security		
No trade receivables were pledged as security.		
The risk profile of each class of debtor was assessed to determine the allowance for impairment.		
No collateral is held for any of the debtors disclosed above.		
Credit quality of consumer debtors		
Due to historic trends that cannot be determined, the credit quality of each individual debtor that are neither due nor past nor impaired was assessed. As per the Credit Control and Debt Collection Policy, all debtors with accounts outstanding for more than 60 days are handed over to the debt collectors of the Municipality. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management's view that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.		
Consumer debtors past due but not impaired		
The debt originated as a result of firefighting services rendered in terms of the Fire Fighting Act. The impairment for receivables from exchange transactions was calculated based on the assessment of each individual debtor as a historic payment trend cannot be determined for firefighting debtors.		
As at 30 June 2018 consumer debtors of R nil (2017: R 153 191) were past due but not impaired.		
Consumer debtors impaired		
As at 30 June 2018, consumer debtors of R 37 623 (2017: R 2 239 846) were impaired and provided for.		
The amount of the allowance for impairment was R 37 623 at 30 June 2018 (2017: R 2 239 846).		
The ageing of these debtors are as follow:		
91 to 120 days	2 438	92 540
121 days and more	32 747	2 300 497
6. Inventories		
Consumable stores	1 719 939	1 927 534
Roads Inventory	-	64 236
Housing Stock	72 940	72 940
	<u>1 792 879</u>	<u>2 064 710</u>
No inventory has been pledged as security.		
Consumables valued at R nil (2017: R82 868) were written off and recognised in the Statement of Financial Performance. No stock was found to be obsolete during the year end stock count. Inventory valued at R 5 705 374.38 (2017: R 6 308 015) were expensed in the Statement of Financial Performance.		
7. VAT receivable		
VAT	<u>5 019 283</u>	<u>5 046 258</u>

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8. Receivables from non-exchange transactions

Government grants and subsidies	69 458	179 824
Local Tourism Association transfer receivable	-	80 000
	69 458	259 824

Receivables from non-exchange transactions pledged as security

No receivables from non-exchange transactions were pledged as security.

The risk profile of each class of debtor was assessed to determine the allowance for impairment.

No collateral is held for any of the debtors disclosed above.

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Receivables from non-exchange transactions impaired

As of 30 June 2018, receivables from non-exchange transactions of R - (2017: R -) were impaired and provided for.

Net balances

Government grants and subsidies	69 458	179 824
Local Tourism Association transfer receivable	-	80 000
	69 458	259 824

Government grants and subsidies

Current (0 -30 days)	64 700	179 824
31 - 60 days	4 758	-
	69 458	179 824

Other receivables from non-exchange revenue

Current (0 -30 days)	-	80 000
	-	80 000

Reconciliation of allowance for impairment of receivables from non-exchange transactions

Opening balance	-	-
	-	-

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9. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	66 384 904	-	66 384 904	69 682 563	-	69 682 563
Buildings	46 431 042	(23 478 619)	22 952 423	47 975 247	(23 215 876)	24 759 371
Infrastructure	2 714 223	(1 053 531)	1 660 692	1 966 756	(995 385)	971 371
Furniture and fittings	8 130 436	(5 506 328)	2 624 108	7 585 288	(5 113 882)	2 471 406
Motor vehicles	44 866 546	(17 977 213)	26 889 333	44 095 105	(17 644 689)	26 450 416
Office equipment	25 864 888	(12 041 231)	13 823 657	21 500 903	(9 362 985)	12 137 918
Plant and equipment	18 504 264	(9 047 655)	9 456 609	16 286 310	(7 541 848)	8 744 462
Other property, plant and equipment	6 822 801	(2 764 039)	4 058 762	5 976 997	(2 333 331)	3 643 666
Leased assets - Cell phones	-	-	-	35 293	(23 241)	12 052
Total	219 719 104	(71 868 616)	147 850 488	215 104 462	(66 231 237)	148 873 225

Included in buildings is an amount of R461 681 that relates to work in progress.

Criteria for determination for classification between Property, plant and equipment and Investment property.

The criteria created to identify whether an asset meets the definition of Property, plant and equipment (PPE) or Investment property have been determined as follows:

a) In the instance where the property yield rentals, where the majority of the property is held for administrative purposes and an insignificant portion is held for rentals, the total property will be evaluated as PPE and not as investment property. This will apply even if the intention is to rent the property out for a prolonged period.

b) Where a significant portion (more than 50%) of the total property including land and all other buildings is held for rentals, the property will be classified as investment property. This will apply even if management intends to rent the property out for a prolonged period.

Two properties consisting of two houses and one parking area were identified that are rented to the public. A significant portion of both the properties (land and buildings) are held by the municipality for administrative purposes.

These properties are currently rented out for a specified period per the lease agreements entered into after a tender was awarded to the lessees. Prior to the expiry of the lease agreement the municipality will re-assess whether the use of these assets will be for municipal administrative purposes or whether capacity exists to enable a new lease to be considered.

A significant portion of the properties are held for administrative purposes. The consideration of a new lease is based on the need of the municipality prior to expiry of the lease agreements. These two properties meet the criteria set out above as Property, plant and equipment. These assets have been classified as Property, plant and equipment.

The leased assets was reclassified as other assets in the 2017/2018 financial year. The term of the leases matured during the 2017/2018 financial year.

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Land	69 682 563	-	(3 297 659)	-	66 384 904
Buildings	24 759 371	1 572 533	(2 298 575)	(1 080 906)	22 952 423
Infrastructure	971 371	747 467	-	(58 146)	1 660 692
Furniture and fittings	2 471 406	618 680	(22 607)	(443 371)	2 624 108
Motor vehicles	26 450 416	6 455 735	(3 146 654)	(2 870 164)	26 889 333
Office equipment	12 137 918	5 579 616	(467 068)	(3 426 809)	13 823 657
Plant and equipment	8 744 461	2 423 465	(80 823)	(1 630 494)	9 456 609
Other property, plant and equipment	3 655 720	810 511	-	(407 469)	4 058 762
	148 873 226	18 208 007	(9 313 386)	(9 917 359)	147 850 488

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Land	69 929 894	-	(247 331)	-	69 682 563
Buildings	25 585 364	527 252	(199 472)	(1 153 773)	24 759 371
Infrastructure	365 346	643 546	-	(37 521)	971 371
Furniture and fittings	2 880 597	83 514	(59 933)	(432 772)	2 471 406
Motor vehicles	25 223 238	3 339 754	(55 433)	(2 057 143)	26 450 416
Office equipment	11 095 137	4 664 066	(940 144)	(2 681 141)	12 137 918
Plant and equipment	8 899 685	1 284 830	(190 916)	(1 249 137)	8 744 462
Other property, plant and equipment	3 523 263	642 368	(173 303)	(348 662)	3 643 666
Leased assets - Cell phones	120 608	-	(64 334)	(44 222)	12 052
	147 623 132	11 185 330	(1 930 866)	(8 004 371)	148 873 225

Reconciliation of repairs and maintenance 2018

	Contracted services	Employee related cost	Materials and supplies	Total
Buildings	1 782 643	1 616 869	153 363	3 552 875
Office equipment	1 786 526	-	5 696	1 792 222
Plant and equipment	208 948	-	32 742	241 690
Furniture and fittings	3 037	-	-	3 037
Motor vehicle	1 793 505	-	779 599	2 573 104
Other	94 838	-	2 181	97 019
	5 669 497	1 616 869	973 581	8 259 947

Reconciliation of repairs and maintenance 2017

	Contracted services	Employee related cost	Materials and supplies	Total
Buildings	1 500 810	1 537 090	1 039 554	4 077 454
Office equipment	1 353 669	-	6 784	1 360 453
Plant and equipment	105 091	-	46 083	151 174
Furniture and fittings	14 791	-	66 021	80 812
Motor vehicle	1 863 664	-	552 721	2 416 385
Other	115 172	-	3 498	118 670
	4 953 197	1 537 090	1 714 661	8 204 948

The amount disclosed as repairs and maintenance for the 2016/2017 financial year is restated see note 31.6 or details.

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9. Property, plant and equipment (continued)

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the Municipality.

No assets have been pledged as security.

Included in additions of buildings is an amount of R 461 681 that relates to work in progress. This amount also relates to the contractual commitment disclosed in note 48.

Other property, plant and equipment were split into the various classes as disclosed in the note for both the current and prior year.

10. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 254 322	(1 473 448)	780 874	2 192 562	(1 070 260)	1 122 302

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software, other	1 122 302	61 760	(403 188)	780 874

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software, other	1 332 814	165 680	(376 192)	1 122 302

11. Operating lease liability

Operating leases relate to buildings that are recognised on a straight line basis with lease terms of between one to 3 years. The Municipality does not have an option to purchase the leased asset at the expiry of the lease period.

Liability

Non-current portion of straight lining	6 477	20 082
Current portion	13 605	11 257
	<u>20 082</u>	<u>31 339</u>

The Municipality entered into operating leases for the rental of office facilities. The lease agreements are between LSW Eiendomme BK, Witzenberg Municipality and Stellenbosch Municipality. The contracts are for a 3 (three) year period.

The additional disclosure is under financial instruments note 33.

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12. Finance lease obligation

Finance lease liabilities relate to cellphones with a contract term of 24 months (2017: 24 months). Amounts are paid monthly in arrears and the interest rates are linked to the average investment rate, currently at 8.15% (2017: 8.34%), for the duration of the contract. All finance lease contracts reached maturity during

The municipality approved a Telecommunications policy during the 2014/15 financial year, allowing employees to receive telephone allowances and the finance leases of cellphones to be phased out accordingly.

All finance lease contracts reached maturity during the 2017/2018 financial year.

No arrangements have been entered into for contingent rental payments.

Opening balance	3 454	12 982
Payments during the year	(3 454)	(9 528)
	-	3 454
Minimum lease payments due		
- within one year	-	3 454
Present value of minimum lease payments	-	3 454
Current liabilities	-	3 454
Non- Current liabilities	-	-
	-	3 454

13. Unspent conditional grants and receipts

Unspent conditional grants comprises of:

Community development workers grant	77 735	65 835
IDP support grant	-	1 473
Integrated transport planning	707 612	-
Municipal systems improvement grant	162	163
Municipal performance management grant	236 100	236 100
Western Cape financial management support grant	895 040	1 050 000
Rural roads asset management system	-	127 299
Tirelo Boshia: Public service improvement	235 369	235 369
Water and sanitation	35 559	35 560
Local government graduate internship grant	1 000	30 000
Western Cape financial capacity building grant	13 228	2 117
Public contributions and donations	727 945	680 300
	2 929 750	2 464 216

See note 22 & 23 for reconciliation of grants from National/Provincial Government.

These amounts are invested until utilised. (refer to note 3).

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14. Payables from exchange transactions		
ACB's	2 787	4 192
Creditor accruals	3 197 492	2 974 113
Working for water (Department of Environmental Affairs)	812 430	330 045
Other payables	35 677	134 872
Payments received in advance	21 797	45 548
Retention	863 891	861 436
Roads function (Department of Transport and Public Works)	4 902 906	5 656 610
Trade payables	70 884	861 414
Unclaimed funds	468	5 167
	<u>9 908 332</u>	<u>10 873 397</u>
15. Employee benefits		
Short-term employee benefits		
Employee benefit accruals	631 127	802 956
Short term: Medical aid liability	7 157 684	6 608 762
Provision staff leave	14 121 185	12 826 298
13th Cheque	4 301 257	4 100 563
Short term: Ex- gratia benefit	98 748	128 057
Short term: Long term service award	2 437 142	1 268 447
Performance bonus	520 051	-
	<u>29 267 194</u>	<u>25 735 083</u>
Other long term employee benefits		
Long service award	<u>9 939 003</u>	<u>10 134 940</u>
Post-employee benefits		
Post-Retirement Medical aid benefits	145 983 861	144 042 124
Ex-gratia benefit	1 742 601	2 147 255
	<u>147 726 462</u>	<u>146 189 379</u>
Current liability	<u>29 267 194</u>	<u>25 735 083</u>
Non-current liability	<u>157 665 465</u>	<u>156 324 319</u>
	<u>186 932 659</u>	<u>182 059 402</u>

Post-retirement and medical aid benefits

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death in service or death-in-retirement, the surviving dependents may continue membership of the medical scheme.

In- service members will receive a post- employment subsidy of 60% or 70% of the contribution payable should they be a member of a medical aid at retirement.

All continuation members and their eligible dependents receive a 60% or 70% subsidy.

Upon a member's death-in-service or death-in-retirement the surviving dependants will continue to receive the same subsidy.

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

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15. Employee benefits (continued)

-Bonitas
-Key Health
-Samwumed
-Hosmed
-LA Health

Details relating to eligible employees of the post-retirement medical aid benefit obligation are listed below.

Active members

Principal members	330	331
Average age	45,6	45,3
Average past service cost	R15,5 million	R15,1 million

Continuation members

Principal members	149	144
Average age	72,1	72,3

The amounts recognised in the Statement of Financial Position are -
Projected benefit obligation

	153 141 544	150 650 885
--	-------------	-------------

The obligation in respect of past services has been estimated as follows:

Active members	70 444 126	72 161 588
Continuation members	82 697 418	78 489 298
Net obligation	153 141 544	150 650 886

The amounts recognised in the Statement of Financial Performance are

Current service cost	4 141 210	4 747 947
Interest cost	14 067 577	12 613 740
Recognised actuarial (gains)/losses	(9 216 701)	(3 620 669)
Amount charged to Statement of Financial Performance	8 992 086	13 741 018

The future service cost for the ensuing financial year is estimated to be R3 925 442, whereas the interest cost for the next year is estimated to be R14 216 169.

Movements in the present value of the defined benefit obligation were as follows

Opening benefit obligation liability	150 650 885	142 884 746
Payments to members	(6 501 427)	(5 974 878)
Charge to Statement of Financial Performance	8 992 086	13 741 018
Closing benefit liability	153 141 544	150 650 886

The rate is calculated by using a liability-weighted average of yields for the three components of the liability. Each component's fixed-interest and index-linked yield were taken from the bond yield curve at that component's duration, using an iterative process (because the yields depend on the liability, which in turn depends on the yields).

Key actuarial assumptions

Discount rate	9,50%	9,54%
Health care inflation	7,34%	7,85%

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15. Employee benefits (continued)

Assumption	Change	Current service cost	Interest cost	Total	% change
Central Assumptions		4 141 200	14 067 600	18 208 800	
Health care inflation	1 %	5 130 200	16 160 100	21 290 300	17 %
	-1 %	3 373 500	12 346 600	15 720 100	-14 %
Discount rate	1 %	3 421 000	13 681 900	17 102 900	-6 %
	-1 %	5 076 200	14 454 000	19 530 200	7 %
Post-retirement mortality	-1 yr	4 271 900	14 587 600	18 859 500	4 %
Average retirement age	-1yr	4 409 800	14 571 500	18 981 300	4 %
Continuation of membership at retirement	-10 %	3 759 300	13 419 100	17 178 400	-6 %

Assumption	Change	In service	Continuation	Total	% change
Central assumptions		70 444 000	82 697 000	153 142 000	
Health care inflation	+1 %	84 203 000	90 428 000	174 631 000	+14 %
	-1 %	59 441 000	75 943 000	135 384 000	-12 %
Discount rate	+1 %	59 723 000	76 124 000	135 847 000	-11 %
	-1 %	84 039 000	90 339 000	174 379 000	+14 %
Post-retirement mortality	-1 yr	72 588 000	85 891 000	158 478 000	+3 %
Average retirement age	-1 yr	75 696 000	82 697 000	158 393 000	+3 %
Continuation of membership at retirement	-10 %	63 795 000	82 697 000	146 492 000	-4 %

History of Liabilities, Assets and Experience Adjustments	30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018
Accrued liability	138 236 000	143 597 000	142 885 000	150 651 000	153 142 000
Experience adjustment	5 190 000	(6 068 000)	(9 608 000)	14 017 000	221 000

In terms of the memorandum of Agreement between the Western Cape Provincial Government, Department of Transport and Public Works, and the past experience hereon, funds will be made available to maintain the approved organogram of the roads division in the Municipality. The future claim for roads staff for post employment medical aid has therefore been raised as an employee benefit asset.

Employee benefit asset

Opening balance		32 276 316	29 420 183
Current service cost		1 107 612	1 242 586
Payment received from WCPG		(6 537 999)	(1 418 590)
Interest cost		3 785 996	3 144 415
Benefits paid		(2 355 678)	(1 771 910)
Interest on payments from WCPG		(708 354)	(671 722)
Actuarial loss / (gain)		(2 473 496)	2 331 354
		25 094 397	32 276 316

Reconciliation of employee benefit asset

Short term portion		2 416 597	2 317 867
Long term portion		22 677 800	29 958 449
		25 094 397	32 276 316

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15. Employee benefits (continued)

The assumptions used by the actuaries to calculate the portion of the roads staff is the same as was use to calculate the amount recognised as post employment medical aid.

The amounts recognised as the current portion is equal to the amount as recognised in the valuation report for the respective financial years.

Ex-gratia benefits

The ex- gratia pensions are pensions that are paid by the Municipality from its revenue i.e. and are not funded or paid from one of the Municipality's formalised pension arrangements.

All employees who did not participate in the Municipality's formal pension funds are entitled to a Revenue Pension, which are sometimes referred to as "Ex-gratia" pensions.

Details of employees eligible for ex-gratia benefits are detailed below.

Members

In-service employee for ex-gratia pension	8	10
In-service employees eligible for lump sum benefit on retirement	7	9
Eligible former employees receiving ex-gratia pension	1	2
Eligible spouses receiving ex-gratia pension	5	5

Average age in years

In-service employee for ex-gratia pension	56,40	56,20
In-service employees eligible for lump sum benefit on retirement	54,10	54,10
Eligible former employees receiving ex-gratia pension	63,20	63,00
Eligible spouses receiving ex-gratia pension	83,60	82,60

The amount recognised in the Statement of Financial Position are:

Projected benefit obligation	1 841 349	2 275 313
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The amount recognised in the Statement of Financial Performance are:

Interest cost	203 633	215 592
Recognised actuarial (Gain) / Loss	(328 675)	336 114
	(125 042)	551 706

The future service cost for the ensuing financial year is estimated to be R nil, whereas the interest cost for the next financial year is estimated to be R166 217.

The rate is calculated by using a liability-weighted average of yields for the four components of the liability. For each of the four liability components, yields were determined by looking at the average term of the liability component and finding the fixed-interest and index-linked gilt yields at the relevant duration of the JSE (Best Decency) Zero Coupon bond yield curve.

Movements in the present value of the defined benefit obligation were as follows:

Opening benefit obligation	2 275 313	2 425 971
Payments to members	(308 921)	(702 364)
Actuarial (Gain) / Loss	(328 675)	336 114
Interest and service cost	203 633	215 592
Closed benefit obligation	1 841 350	2 275 313

Key actuarial assumptions

Discount rate	9,27 %	9,20 %
CPI inflation rate	5,66 %	7,09 %
Salary inflation rate	6,66 %	6,09 %

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15. Employee benefits (continued)

Assumption	Change	Employees	Pensioners	Total Liability	% change
Central Assumptions		1 648 414	192 935	1 841 349	
Benefit Inflation rates	1 %	1 837 360	192 935	2 030 295	10 %
	-1 %	1 487 146	192 935	1 680 081	-9 %
Discount Rate	1 %	1 493 201	189 761	1 682 962	-9 %
	-1 %	1 832 663	196 297	2 028 960	10 %
Post-retirement mortality	-1yr	1 688 106	195 835	1 883 941	2 %
Average retirement age	-1yr	1 746 555	192 935	1 939 490	5 %

Assumption	Change	Interest cost	% change
Central Assumptions		203 633	
Benefit Inflation rates	+1 %	230 438	+13 %
	-1%	181 403	-11 %
Discount rate	+1 %	201 875	-1 %
	-1%	205 006	+1 %
Post-retirement mortality	-1 yr	208 445	+2 %
Average retirement age	-1 yr	213 517	+ 5 %

History of Liabilities, Assets and Experience Adjustments	30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018
Accrued liability	2 812 858	2 401 554	2 425 971	2 275 313	1 841 349
Experience adjustment	(973 516)	(499 506)	372 632	589 506	(238 197)

Long service awards

The Municipality offers employees a long service award for every five years of service completed from 10 years of service to forty five years of service.

Details of employees eligible for long service awards are detailed below.

Members	412	424
Average age in years	47	46

The amounts recognised in the Statement of Financial Position are:

Projected benefit obligation	12 376 146	11 403 388
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The amounts recognised in the Statement of Financial Performance are:

Current service cost	756 213	767 605
Interest cost	904 840	901 096
Recognised actuarial (gain) / losses	595 447	(337 083)
Amount charged to Statement of Financial Performance	2 256 500	1 331 618

The future service cost for the ensuing financial year is estimated to be R773 500, whereas the interest cost for the next financial year is estimated to be R948 265.

A discount rate of 8.48% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 8.48% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 2.73%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the JSE after the market close on 29 June 2018

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15. Employee benefits (continued)

A general salary inflation rate of 6.11% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 2.23%.

Movements in the present value of the benefit obligation were as follows:

Opening benefit obligation	11 403 388	11 306 743
Payment to members (benefits vesting)	(1 283 742)	(1 234 973)
Actuarial (Gain) / Loss	595 447	(337 083)
Interest and service cost charged to Statement of Financial Performance	1 661 053	1 668 701
Closing benefit obligation	12 376 146	11 403 388

Key actuarial assumptions

Discount rate	8,48%	8,39%
Salary inflation	6,11%	6,21%
Average retirement age	62,0	62,0

Assumptions	Change	Liability	% change
Central Assumptions		12 376 000	
General salary inflation	+1%	13 103 000	+6%
	-1%	11 717 000	-5%
Discount rate	+1%	11 682 000	-6%
	-1%	13 154 000	6%
Average retirement age	-2 yrs	10 371 000	-16%
	+2 yrs	14 093 000	14%
Withdrawal rates	-50%	13 892 000	12%

Assumption	Change	Current service cost	Interest cost	Total	% change
Central assumptions		756 200	904 800	1 661 000	
General salary inflation	1 %	817 100	963 400	1 780 500	7 %
	-1 %	702 100	851 700	1 553 800	-6 %
Discount rate	1 %	706 600	950 300	1 656 900	- %
	-1 %	813 000	852 100	1 665 100	- %
Average retirement age	-2 yrs	651 300	742 700	1 394 000	-16%
	+2 yrs	849 700	1 052 600	1 902 300	15 %
Withdrawal rates	-50%	929 600	1 029 500	1 959 100	18 %

History of Liabilities, Assets and Experience Adjustments	30 June 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018
Accrued liability	9 991 275	11 146 671	11 306 743	11 403 388	12 376 146
Experience adjustment	(600 586)	581 153	295 235	235 476	732 735

The Municipality makes provision for post-retirement benefits to eligible Councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

a) LA Retirement Fund (Previously: Cape Joint Pension Fund)

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

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15. Employee benefits (continued)

The scheme was established to provide benefits to employees. All existing members were given the option to transfer to Cape Joint Venture Fund before December 1990.

This defined benefit plan is accounted for as a defined contribution plan as the municipality's liability in the proportionate share of actuarial gains and losses cannot readily be determined.

Defined Benefit Scheme

The contribution rate payable under the defined benefit section is 27%, 9% by the members and 18 % by their councils. The actuarial valuation report at 30 June 2017 disclosed an actuarial valuation amounting to R1, 859, 077,000 (30 June 2016 : R2, 037, 843,000), with a net accumulated surplus of R46,989,000 (2016 : R67,791,000), with a funding level of 102.6% (30 June 2016 : 103.5%).

Defined Contribution Scheme

The actuarial valuation report at 30 June 2017 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R1,911,937,000 (30 June 2016 : R1,960,970,000), net investment reserve of R0 (30 June 2016 : R0) and with a funding level of 100% (2016 : 100%).

The actuary concluded that :

- The Pensioner account has a funding level of 102.6% with a surplus of R47.0 million and is in a sound financial condition as at the valuation date.
- There is a surplus of R47.0 million in The DB Section excluding the surplus in the Pensioner Account. The surplus has been allocated to the Pensioner Account.
- The overall funding level in respect of the DB Section including the Pensioner Account is 101.3% with a surplus of R47.0 million.
- The DC Section has a funding level of 100% and is in a sound Financial condition.
- Overall the fund is in a sound financial condition with a surplus of R47.0 million and the overall funding level of 102.6%.

The Trustees awarded a 3.3% pension increase effective 1 January 2018.

It is to be noted that :

- All the active members have now all been converted to the DC Section.
- There is no longer any contribution rate shortfall as this only applied to 29 residual DB Section active members, that have now also converted to the DC Section; and
- Both the DC Section and the DB Section were fully funded as at the valuation date.

The actuary certified that The Pensioner Account was 102.6% funded with a surplus of R47 million and is in a sound financial condition. The funding level in respect of the DB active members was 0%. The surplus was allocated to the Pensioners account as at 30 June 2016. The DB Section is in a sound financial condition and the DC Section has a funding level of 100% and is in a sound financial condition. Overall the Fund is in a sound financial condition with a surplus of R47 million and an overall funding level of 102.6%. The nature of the assets is suitable for the Fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

b) Consolidated Retirement Fund for Local Government

The Cape Joint Retirement Fund was established with effect from 1 May 1996 to provide insured death, disability and pension benefits to its members.

The contribution rate for members is 7.5% of basic salary, whilst the respective Local Authorities are contributing 19.5%.

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15. Employee benefits (continued)

The statutory valuation performed as at 30 June 2016 revealed that the assets of the fund amounted to R20,075,000,000 (30 June 2015: R18,322,177,000), with funding levels of 118.0% and 100% (30 June 2015 112.1% and 100%) for the Pensions Account and the Share Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2016 & 2015. The contribution rate paid by the members (7,50%/9%) and the municipalities (19,50%/18%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

c) The Municipal Workers Retirement Fund(Previously: SAMWU National Provident Fund)

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R7,720,948,000 (30 June 2014 : R6,574,775,000), with funding levels of 102.0% (30 June 2014: 111.7%). As a percentage of members Fund Credit, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of the market value of assets, it has decreased marginally from 4.6% to 4.4%. The actuary certified that based on the 2017 valuation the Fund's assets are sufficient to cover the members' Fund Credits, the targeted levels of the Risk Benefits Reserve and the Data and Error Reserve and to provide for an investment smoothing reserve of 4.9% of members' Fund Credits as at 30 June 2017. In addition, there is a substantial surplus of some R152.8 million. The Fund is therefore in a very sound financial position.

d) The Municipal Councillors Pension Fund

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R2,551,861,000 (30 June 2014 : R2,229,410,000), with funding levels of 101.08% (30 June 2014: 98.83%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2015, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

The appointment of a Curator in terms of section 5(1) of the Financial Institutions (protection of funds) Act 2001 for the whole of the business of the Municipal Councillors Pension Fund was done in December 2017. Due to the provisional curatorship, a short moratorium has been placed on the payment of benefits to members/beneficiaries. In terms of the curatorship order, the Court ordered as follows: 1. The provisional Curatorship order of the 19th December 2017 is made a final; 2. The Curator shall furnish the Registrar of the Pension Fund with progress report; 3. The Curator must deliver a further progress report to the Court by no later than 31st October 2018 which report deals with the status of curatorship as at the 30th September 2018; on the curatorship once every two months.

16. Accumulated surplus

Ring- fenced internal funds within accumulated surplus - 2018

	Capital replacement reserve	Government grant reserve	Accumulated surplus	Total
Opening balance	67 282 825	3 594 019	531 398 148	602 274 992
Surplus for the year	-	-	19 995 832	19 995 832
Property, plant and equipment purchases	(17 469 757)	1 885 209	15 584 548	-
Transfers from/ to reserve	13 917 555	-	(13 917 555)	-
Offsetting of depreciation	-	(535 926)	535 926	-
	63 730 623	4 943 302	553 596 899	622 270 824

Ring- fenced internal funds within accumulated surplus - 2017

	Capital replacement reserve	Government grant reserve	Other	Total
Opening balance	69 964 187	3 606 812	503 805 927	577 376 926

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16. Accumulated surplus (continued)		
Offsetting of depreciation	(682 439)	682 439
Surplus for the year	-	24 898 066
Property, plant and equipment purchases	(10 681 362)	10 011 716
Donated/contributed property, plant and equipment	8 000 000	(8 000 000)
	67 282 825	3 594 019
	531 398 148	602 274 992

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

The comparative figures were restated. Refer to the prior period error note.

17. Service charges

Other service charges	<u>70 756</u>	<u>626 891</u>
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18. Rental of facilities and equipment

Premises		
Premises	<u>123 908</u>	<u>107 481</u>

Included in the above rentals are operating lease rentals at straight-lined amounts of R - (2017: R -) as well as contingent rentals of R - (2017: R -).

19. Agency Services

Roads function (Department of Transport and Public Works)	96 411 275	101 792 721
Working for Water (Department of Environmental Affairs)	1 308 979	1 616 938
	<u>97 720 254</u>	<u>103 409 659</u>

20. Other income

Bad debt recovered	7	153 050
Brokerage	18 127	49 996
Electricity income (Eerste Begin)	11 574	14 195
Insurance income	318 234	286 260
Miscellaneous income	3 784	500 127
Miscellaneous roads income	-	66 211
Municipal health income	578 190	472 608
Interest SARS (VAT)	-	438 875
Admin fee (RRAMS)	134 150	134 150
LG SETA refund	276 956	306 173
Tender document income	184 788	172 142
	<u>1 525 810</u>	<u>2 593 787</u>

21. Investment revenue

Interest on investments	<u>51 928 028</u>	<u>51 017 913</u>
	51 928 028	51 017 913

22. Government grants and subsidies

Operating grants

Community development workers grant	62 099	51 669
Equitable share	1 886 000	4 090 000
Expanded Public Works	1 000 000	1 000 000
Local government financial management grant	1 250 000	1 250 000

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Figures in Rand	2018	2017
22. Government grants and subsidies (continued)		
Western cape financial capacity building grant	226 772	117 883
IDP support grant	-	65 079
Integrated transport planning	192 388	220 220
Fire services capacity grant	800 000	-
Local government graduate internship grant	95 000	30 000
Western cape financial management support grant	634 960	687 487
RSC Levy Replacement grant	220 853 001	216 780 000
Rural roads asset management system	2 683 000	2 555 590
Sandhills - toilet hire	750 355	691 844
Tirelo Boshu: Public service improvement	-	16 628
	230 433 575	227 556 400

Unconditional

Included in above are the following unconditional grants and subsidies received:

Equitable share	1 886 000	4 090 000
RSC Levy Replacement grant	220 853 001	216 780 000
	222 739 001	220 870 000

Equitable Share

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.

Community development workers grant

Balance unspent at beginning of year	65 835	42 504
Current-year receipts	74 000	75 000
Conditions met - transferred to revenue	(62 100)	(51 669)
Refund of unspent portion	-	-
	77 735	65 835

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Community Development and Planning Services.

To provide financial assistance to municipalities to cover the operational and capital costs pertaining to the line functions of the community development workers including the supervisors and regional coordinators.

IDP support grant

Balance unspent at beginning of year	1 473	66 552
Conditions met - transferred to revenue	-	(65 079)
Refund of unspent portion	(1 473)	-
	-	1 473

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Office of the Municipal Manager.

Provide financial assistance to municipalities in support of their IDP reviews.

Integrated transport planning

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Figures in Rand	2018	2017
22. Government grants and subsidies (continued)		
Balance unspent at beginning of year	-	1 570 199
Current-year receipts	900 000	-
Conditions met - transferred to revenue	(192 388)	(220 220)
Refund of unspent portion	-	(1 349 979)
	707 612	-

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Technical Services.

The funds were utilised to review and update the Districts integrated transport policy.

Local government financial management grant

Balance unspent at beginning of year	-	-
Current-year receipts	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 250 000)	(1 250 000)
Refund of unspent portion	-	-
	-	-

Strategic Objective: Financial and Strategic Support Services.

To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

This grant was mainly utilised to improve on the municipality's mSCOA implementation, audit outcome and to implement National Treasury's internship programme.

Municipal performance management grant

Balance unspent at beginning of year	236 100	236 100
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Refund of unspent portion	-	-
	236 100	236 100

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Office of the Municipal Manager.

To provide financial assistance to municipalities to ensure functional and compliant performance management systems.

Public transport (Provincial)

Balance unspent at beginning of year	-	185 412
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Refund of unspent portion	-	(185 412)
	-	-

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Technical Services

To develop, implement and promulgate an impoundment facility in the Drakenstein Local Municipal area in accordance with the National Land Transport Act, 2009 (Act 5 of 2009).

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22. Government grants and subsidies (continued)

Western Cape financial management support grant

Balance unspent at beginning of year	1 050 000	1 041 861
Current-year receipts	480 000	920 000
Conditions met - transferred to revenue	(634 960)	(687 487)
Refund of unspent portion	-	(224 374)
	895 040	1 050 000

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Financial and Strategic Support Services and Office of the Municipal Manager.

To provide financial assistance to municipalities to improve overall governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal outcomes and addressing institutional challenges.

The Municipality utilised the funds for mSCOA implementation and support as well as for the internship co-ordination guidance project. The funds that are available are committed for the District Asset Management framework development project and for audit activities training.

Water and sanitation

Balance unspent at beginning of year	35 560	35 560
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Refund of unspent portion	-	-
	35 560	35 560

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Technical Services

No funds were utilised during the 2016/2017 and 2017/18 financial year, but the municipality will review its masterplans in the near future.

Rural roads asset management system

Balance unspent at beginning of year	127 299	2 379 889
Current-year receipts	2 683 000	2 683 000
Conditions met - transferred to revenue	(2 683 000)	(2 555 590)
Refund of unspent portion	(127 300)	(2 380 000)
	-	127 299

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Technical Services

The purpose is to assist rural district municipalities in setting up their road asset management systems and collect road and traffic data inline with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

Municipal systems improvement grant

Balance unspent at beginning of year	162	667 163
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
Refund of unspent portion	-	(667 000)
	-	(667 000)

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22. Government grants and subsidies (continued)**162****163**

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Financial and Strategic Support Services.

To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislations.

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22. Government grants and subsidies (continued)

Tirelo Bosha: Public service improvement

Balance unspent at beginning of year	235 369	218 042
Current-year receipts	-	33 955
Conditions met - transferred to revenue	-	(16 628)
Refund of unspent portion	-	-
	235 369	235 369

Conditions still to be met - remain liabilities (see note 13).

Strategic Objective: Community Development and Planning Services.

To draw up an evidence-based strategy anchored within current policy and legislative mandates, which is enhanced by situated research and social dialogue to practically address the need for improved farm worker housing, access to services and tenure security on and off-farms within the Cape Winelands District.

Sandhills-toilet hire

Balance unspent at beginning of year	-	-
Current-year receipts	750 355	512 020
Receivable	-	179 824
Conditions met - transferred to revenue	(750 355)	(691 844)
Refund of unspent portion	-	-
	-	-

Strategic Objective: Technical Services.

The subsidy is allocated to the municipality by the Department of Transport and Public Works as a refund for temporary toilets hired in Sandhills.

Expanded Public Works

Balance unspent at beginning of year	-	-
Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
Refund of unspent portion	-	-
	-	-

Strategic Objective: Technical Services (see note 13).

This grant incentivises the municipality to expand job creation efforts through the use of labour intensive delivery methods in various identified focus areas, in compliance with the Expanded Public Works Programme Guidelines

The grant contributed towards increased levels of employment in areas where unemployment is relatively high as well as providing work experience and gaining expertise through in house training.

Local government graduate internship grant

Balance unspent at beginning of year	30 000	-
Current-year receipts	66 000	60 000
Conditions met - transferred to revenue	(95 000)	(30 000)
Refund of unspent portion	-	-
	1 000	30 000

Strategic Objective: Financial and Strategic Services (see note 13).

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22. Government grants and subsidies (continued)

This grant provide financial assistance to municipalities in support of capacity building for the future by means of a graduate internship programme.

The aim of the grant is to address the shortage of administrative and institutional capability by providing opportunities to young unemployed graduates to gain practical workplace training, whilst assisting with capacity constraints within municipalities.

Western Cape financial capacity building grant

Balance unspent at beginning of year	2 117	-
Current-year receipts	240 000	120 000
Conditions met - transferred to revenue	(226 772)	(117 883)
Refund of unspent portion	(2 117)	-
	13 228	2 117

Strategic Objective: Financial and Strategic Services (see note 13).

This grant provide financial assistance to municipalities to assist with financial management capacity building objectives that will result in the improvement in the availability, competency and skill of municipal financial officials within municipal areas towards sustainable municipal BTO capabilities.

Fire service capacity grant

Current-year receipts	800 000	-
Conditions met - transferred to revenue	(800 000)	-
Refund of unspent portion	-	-
	-	-

Conditions still to be met - remain liabilities (see note 13).

This grant provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.

23. Public contributions and donations

Contributions from Farmers	-	194 526
Upgrade of Rural Roads: De Novo	-	2 953 908
	-	3 148 434

Reconciliation of conditional contributions

Balance unspent at beginning of year	680 300	196 436
Current-year receipts	47 645	3 632 298
Conditions met - transferred to revenue	-	(3 148 434)
	727 945	680 300

Conditions still to be met - remain liabilities (see note 13)

2018	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Balance unspent at the end of the year
Road station road Ceres	230 186	47 645	-	277 831
Upgrade of Rural Roads: De Novo	450 114	-	-	450 114
	680 300	47 645	-	727 945

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23. Public contributions and donations (continued)

2017	Balance unspent at beginning of year	Current year receipts	Conditions met- transferred to revenue	Balance unspent at the end of year
Contribution from Farmers (Electricity)	-	194 526	(194 526)	-
Road station road Ceres	196 436	33 750	-	230 186
Upgrade of Rural Roads: De Novo	-	3 404 022	(2 953 908)	450 114
	<u>196 436</u>	<u>3 632 298</u>	<u>(3 148 434)</u>	<u>680 300</u>

24. Employee related costs

Basic	103 297 944	95 496 428
Bonus	8 246 403	7 682 516
Medical aid - company contributions	10 886 845	10 269 151
UIF	779 899	768 871
WCA	1 021 854	1 036 883
Leave pay provision charge	2 024 338	1 070 474
Student work	1 472 326	1 642 086
Operators allowance	-	18 980
Defined contribution plans	17 792 109	16 763 666
Travel, motor car, accommodation, subsistence and other allowances	12 943 032	12 752 205
Overtime payments	5 831 204	6 053 069
Current service cost	3 789 811	4 272 966
Acting allowances	282 599	253 391
Actuarial loss/ (gain)	(6 476 434)	(5 952 992)
Housing benefits and allowances	4 478 287	4 515 113
Other allowances	5 306 087	4 893 436
Interest cost	11 390 054	10 586 013
Group schemes	1 206 235	1 100 094
Telephone and fax	605 353	583 223
Performance bonus	520 051	-
	<u>185 397 997</u>	<u>173 805 573</u>

2018	Long service awards	Ex gratia	PRMA	Less: Funded asset	Total
Current service cost	756 213	-	4 141 210	(1 107 612)	3 789 811
Interest cost	904 840	203 633	14 067 577	(3 785 996)	11 390 054
Net actuarial (gains)/ losses recognised	595 447	(328 675)	(9 216 701)	2 473 495	(6 476 434)
	<u>2 256 500</u>	<u>(125 042)</u>	<u>8 992 086</u>	<u>(2 420 113)</u>	<u>8 703 431</u>

2017	Long service awards	Ex gratia	PRMA	Less: Funded asset	Total
Current service cost	767 605	-	4 747 947	(1 242 586)	4 272 966
Interest cost	901 096	215 592	12 613 740	(3 144 415)	10 586 013
Net actuarial (gains)/ losses recognised	(337 083)	336 114	(3 620 669)	(2 331 354)	(5 952 992)
	<u>1 331 618</u>	<u>551 706</u>	<u>13 741 018</u>	<u>(6 718 355)</u>	<u>8 905 987</u>

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24. Employee related costs (continued)

Remuneration of senior management

2018	Basic salary	Car allowance	Contribution to UIF, medical and pension funds	Other	Total
Municipal Manager (M. Mgajo)	97 452	10 964	25 666	28 106	162 188
Municipal Manager (H. Prins)	770 789	140 000	30 322	3 450	944 561
Chief Financial Officer	548 793	240 000	146 736	453 209	1 388 738
ED: Community development and planning services	978 022	178 546	217 347	13 800	1 387 715
ED: Technical services	999 139	120 000	228 430	13 800	1 361 369
	3 394 195	689 510	648 501	512 365	5 244 571

2017	Basic Salary	Car allowance	Contribution to UIF, medical and pension funds	Other	Total
Municipal Manager	962 069	120 000	253 306	307 626	1 643 001
Chief Financial Officer	500 648	240 000	133 967	432 013	1 306 628
ED: Community development and planning services	907 288	178 546	206 995	13 800	1 306 629
ED: Technical services	939 829	120 000	213 563	13 800	1 287 192
	3 309 834	658 546	807 831	767 239	5 543 450

The following accrued to key management personnel in terms of GRAP 25 at year end:

Staff leave

Municipal Manager	71 193	58 822
Chief Financial Officer	60 661	51 849
ED: Community Development and Planning Services	11 029	57 034
ED: Technical Services	66 176	57 034
	209 059	224 739

25. Remuneration of councillors

Executive Mayor	1 011 752	892 959
Deputy Mayor	513 376	501 423
Speaker	817 737	743 654
Other Councillors	9 020 161	8 078 258
	11 363 026	10 216 294

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25. Remuneration of councillors (continued)

2018	Salaries	Contribution to medical and pension funds	Car allowance	Other	Total
Executive Mayor	314 725	80 504	180 000	436 523	1 011 752
Deputy Mayor	390 175	-	122 701	500	513 376
Speaker	574 041	68 106	101 190	74 400	817 737
Other Councillors	6 460 650	220 524	1 672 987	666 000	9 020 161
	<u>7 739 591</u>	<u>369 134</u>	<u>2 076 878</u>	<u>1 177 423</u>	<u>11 363 026</u>
2017	Salaries	Contribution to medical and pension funds	Car allowance	Other	Total
Executive Mayor	339 079	74 738	152 770	326 372	892 959
Deputy Mayor	356 912	13 648	114 979	15 884	501 423
Speaker	520 446	61 709	99 421	62 078	743 654
Other Councillors	5 757 245	176 657	1 683 886	460 470	8 078 258
	<u>6 973 682</u>	<u>326 752</u>	<u>2 051 056</u>	<u>864 804</u>	<u>10 216 294</u>

The salaries, allowances and benefits of Councillors are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

26. Depreciation and amortisation

Property, plant and equipment	9 917 360	8 004 371
Intangible assets	403 188	376 191
	<u>10 320 548</u>	<u>8 380 562</u>

27. Finance costs

Finance leases	91	901
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28. Debt impairment

Debt impairment	(2 187 943)	1 256 555
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29. General expenses

Achievements and awards	274 020	282 710
Advertising, publicity and marketing	4 152 375	4 500 689
Assets less than the capitalisation threshold	399 197	500 411
Bank charges, facility and card fees	56 877	85 683
Bargaining council	48 568	44 698
Bursaries (employees)	108 715	158 312
Communications	4 179 267	4 013 671
Courier and delivery services	36 186	36 197
Deeds	1 592	3 060
Drivers licences and permits	22 442	17 537
External audit fees	2 893 425	2 566 701
External computer services	8 171 520	5 536 824
Full time union representatives	170 608	114 437
Hire charges	15 614 966	18 803 363
Insurance underwriting	1 308 498	1 154 192

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29. General expenses (continued)		
Licences	123 001	107 135
Municipal services	5 899 449	5 652 687
Parking fees	1 000	1 000
Printing and stationery	1 817 598	1 469 051
Printing, publication and books	536 101	229 229
Refreshments	372 469	562 555
Professional bodies, membership and subscription	1 793 612	2 094 925
Registration fees	303 502	191 041
Road worthy test	17 571	31 318
Skill development fund levy	1 551 349	1 452 361
Tollgate fees	214 752	221 112
Transport provided as part of departmental activities	2 753 337	5 338 690
Travel agency and visas	5 419	2 193
Travel and subsistence	2 273 405	2 025 483
Uniforms and protective clothing	1 198 066	1 577 837
Vehicle tracking	256 083	307 300
Wet fuel	7 451 364	7 175 159
Chemicals	452 348	398 054
Cleaning Materials	155 962	185 920
Materials and supplies	16 473 474	28 452 438
Fines and penalties	3 000	-
Entertainment	38 700	43 657
Consumables	542 320	489 335
	81 672 138	95 826 965
30. Auditors' remuneration		
Fees	2 893 425	2 566 701

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31. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications had on the amount previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amount involved.

Statement of Financial Position

	Audited	Prior year error	Reclassifications	Restated
Assets				
Current Assets				
Cash and cash equivalents	592 130 504	-	-	592 130 504
Trade receivables from exchange transactions	299 590	(2 014)	-	297 576
Other receivables from exchange transactions	15 499 238	216 412	-	15 715 650
Receivables from non-exchange transactions	179 824	80 000	-	259 824
Inventories	2 062 851	1 859	-	2 064 710
VAT receivable	5 138 895	(92 637)	-	5 046 258
Employee benefit asset	2 317 867	-	-	2 317 867
	617 628 769	203 620	-	617 832 389
Non-Current Assets				
Property, plant and equipment	158 807 448	(9 934 223)	-	148 873 225
Intangible assets	1 142 506	(20 204)	-	1 122 302
Employee benefit asset	29 958 449	-	-	29 958 449
	189 908 403	(9 954 427)	-	179 953 976
Total Assets	807 537 172	(9 750 807)	-	797 786 365
Liabilities				
Current Liabilities				
Payables from exchange transactions	10 183 200	690 197	-	10 873 397
Unspent conditional grants and receipts	2 464 216	-	-	2 464 216
Operating lease liability	11 257	-	-	11 257
Finance lease obligation	3 454	-	-	3 454
Provisions	-	79 564	-	79 564
Employee benefit obligation	25 735 083	-	-	25 735 083
	38 397 210	769 761	-	39 166 971
Non-Current Liabilities				
Operating lease liability	20 082	-	-	20 082
Employee benefit obligation	156 324 319	-	-	156 324 319
	156 344 401	-	-	156 344 401
Total Liabilities	194 741 611	769 761	-	195 511 372
Net Assets	612 795 561	(10 520 568)	-	602 274 993
Net Assets				
Accumulated surplus	612 795 561	(10 520 568)	-	602 274 993

31.1 Trade receivables from exchange transactions

Cape Winelands District Municipality

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31. Prior period errors (continued)		
Balance previously reported		299 590
Receivable - Fire		(2 014)
		297 576

A service was rendered for fire fighting during the 2016/2017 financial year and charged to service charges (R2 014). The amount was initially levied to an incorrect account. The reversal of this levy from the incorrect account was not previously removed from the trade and other receivables from exchange transactions (R2 014).

31.2 Other receivables from exchange transactions

Balance previously reported	15 499 238
Deposits	(5 000)
Injury on duty debtor	81 528
Employee debtor	1 991
SALGA Debtor	70 287
Insurance receivable	67 606
	15 715 650

A fuel deposit paid to a service provider to the amount of R5 000 was utilised by the service provider against the outstanding account of the municipality during the 2015/2016 financial year. The related expenditure to the amount of R5 000 incurred in the 2015/2016 financial statements was not previously disclosed in the financial statements.

Certain employees were identified that were paid a salary whilst the employees were on injury on duty leave. A debtor to the amount of R81 528 was not previously created for salaries that were paid to these employees amounting to R17 715 during the 2016/2017 financial year and R63 813 during the 2015/2016 financial year. The employees refunded the amounts to the municipality during the 2017/2018 financial year.

A debtor to the amount of R1 991 was not previously created for a salary that was incorrectly paid to an employee during the 2016/2017 financial year. This led to employee cost incorrectly including the amount of R1 991 as employee related costs in the 2016/2017 financial year.

The Municipality received a credit note from SALGA in the 2017/2018 financial year that relates to the 2016/2017 financial year. This credit note was not previously corrected to the 2016/2017 SALGA debtor to the amount of R70 287. This led to general expenditure previously being overstated to the amount of R70 287.

Insurance claims claimed by the Municipality were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. The amounts above the excess amounts that were receivable by the municipality relating to matters that existed at reporting date became known. These amounts were previously not recognised as receivables to the amount of R67 606 (2016/2017 financial year) and R2 674 (2015/2016 financial year). This had a resultant effect on the other income to the amount of R67 606 (2016/2017 financial year) and R2 674 (2015/2016 financial year).

31.3 Receivables from non-exchange transactions

Balance previously reported	179 824
Refund from Local Tourism Associations	80 000
	259 824

Funding was provided by the Municipality towards two tourism projects during the 2016/2017 financial year to the amount of R80 000. These projects were not implemented by the two organisations receiving the funding during the 2016/2017 financial year. The two organisations were requested to repay the amounts to the Municipality. The amount of R80 000 was not previously recognised as receivables during the 2016/17 financial year.

31.4 Inventories

Balance previously reported	2 062 851
Inventory written off reversed	1 859

Cape Winelands District Municipality

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31. Prior period errors (continued)

2 064 710

Certain inventory items amounting to R1 859 were identified during the current year that was incorrectly written off during the 2016/2017 financial year. Inventory was incorrectly reduced with R1 859 and inventory losses/write-offs were incorrectly increased with R1 859.

31.5 VAT receivable

Balance previously reported	5 138 895
VAT rejection	(106 774)
Creditor accruals	14 137
	<u>5 046 258</u>

The South African Revenue Services (SARS) identified four tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the December 2016 and June 2017 VAT periods. These amounts were incorrectly included during the 2016/2017 financial year as part of the VAT receivable (R106 774), VAT on Contracted services (R91 091) and VAT on general expenditure (R15 682).

Three accrual invoices were identified during the 2017/2018 financial year that related to the 2016/2017 financial year. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R115 112). The resultant contracted services expenditure (R99 777), general expenditure (R1 199) and VAT (R14 136) were also not included in the 30 June 2017 financial statements.

31.6 Property, plant and equipment

Balance previously reported	158 807 448
Erf 16405: Land, buildings and accumulated depreciation not previously recognised	1 565 724
5 Erven in La Motte and Hermon: Land, buildings and accumulated depreciation incorrectly included on assets disposed	(1 964 315)
Repairs and maintenance incorrectly included as buildings	(2 778)
Correction of depreciation on 5 erven in La Motte and Hermon included after the disposal date of the assets	155 703
Depreciation of other assets incorrectly included in PPE moved to intangible assets	27 221
Correction of error of accounting estimate	(9 715 778)
Office Equipment- Cost of disposal	(180 800)
Office Equipment- Accumulated depreciation of disposal	180 800
Plant & Equipment- Cost of disposal	2 538
Plant & Equipment- Accumulated depreciation of disposal	(2 538)
Other Assets- Cost of disposal	176 938
Other Assets- Accumulated depreciation of disposal	(176 938)
	<u>148 873 225</u>

Erf 16405 Stellenbosch consisting of land and buildings that is owned by the Municipality was previously omitted from the asset register and subsequently from the 2016/2017 financial statements. Land (R1 547 659), Buildings R181 740) and Accumulated depreciation (R163 675) was omitted from the 2016/2017 financial statements. This had a resultant effect on the opening balance of Accumulated surplus of the 2016/2017 financial year of R1 569 359 and Accumulated surplus of the 2016/2017 financial year of R3 635 (Total accumulated surplus R1 565 724).

Land and buildings relating to low cost housing situated on 5 erven in Hermon and La Motte was incorrectly included in the asset register and subsequently in the 2016/2017 financial statements. The low cost housing was previously identified as housing inventory. The risks and rewards of the housing do not vest with the Municipality but rather with the current occupants of the houses. The error impacted land (R86 583), buildings (R1 949 933), accumulated depreciation (R72 201) and accumulated surplus – loss on disposal of asset (R1 964 315).

Repairs and maintenance of buildings to the amount of R2 907 was incorrectly capitalised as buildings - cost to the amount of R2 907 in the 2015/2016 financial statements. Depreciation was incorrectly charged against this capitalisation of the asset of R129 resulting in a net effect of R2 778 in Property, plant and equipment.

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31. Prior period errors (continued)

Depreciation amounting to R43 552 (2016/2017) and R112 151 (2015/2016) relating to land and buildings consisting of low cost housing situated on 5 erven in Hermon and La Motte was previously incorrectly included in the asset register and subsequently in the 2016/2017 financial statements. The low cost housing was previously identified as housing inventory. The risks and rewards of the housing do not vest with the Municipality but rather with the current occupants of the houses.

An intangible asset was identified during the 2013/2014 financial year that was incorrectly included as an asset in the 2012/13 financial year. The asset should have been commissioned during 2013/2014 and not in 2012/13. The prior year error correction relating to the removal of the cost of the asset as an intangible asset was correctly made during the 2013/2014 financial year. The removal of the amortisation incorrectly included in the 2012/13 financial year was incorrectly captured against depreciation for other assets to an amount of R27 222. The amount of R27 222 should have been charged to the amortisation of intangible assets in the 2012/2013 financial statements.

The residual value of the buildings was previously calculated at 50% of the cost price. It was determined that this was an error as it is not the intention of management to sell municipal property. Where property was transferred to the local municipality or to the community, the transfers were made at R0. An error existed in that the residual value should have been calculated at R0. The error impacted Accumulated depreciation (R9 715 779), accumulated surplus 2015-2016 (R11 267 994) and the surplus of 2016-2017 (R1 552 216). The surplus for 2016-2017 consists of a correction to depreciation of R1 282 248 and loss on disposal of assets of R269 968.

The cost and accumulated depreciation of office equipment, plant and equipment and other assets's disposal was incorrectly disclosed, however the carrying values of these assets were disclosed correct.

Repairs and maintenance

The repairs and maintenance sub note within note 9 was restated due to transactions erroneously not included as repairs and maintenance in the 2016/2017 financial year. An amount of R677 103 was added and the amount is made up of 11 transactions. The table below indicates which category of assets and expenditure classification was affected by the restatement.

Restatement of repairs and maintenance reconciliation 2017	Contracted services	Employee related cost	Materials and supplies	Total
Office equipment	677 103	-	-	677 103

31.7 Intangible assets

Balance previously reported	1 142 506
Depreciation of other assets incorrectly included in PPE moved to intangible assets	(27 222)
Assets included against the incorrect vote in prior years	7 018
	<u>1 122 302</u>

An intangible asset was identified during the 2013/2014 financial year that was incorrectly included as an asset in the 2012/2013 financial year. The asset should have been commissioned during 2013/2014 and not in 2012/2013. The prior year error correction relating to the removal of the cost of the asset as an intangible asset was correctly made during the 2013/2014 financial year. The removal of the amortisation incorrectly included in the 2012/2013 financial year was incorrectly captured against depreciation for other assets to an amount of R27 222. The amount of R27 222 should have been charged to the amortisation of intangible assets in the 2012/2013 financial statements.

An intangible asset was identified during the 2013/2014 financial year that was incorrectly included as an asset in the 2012/2013 financial year. This error was reversed in the 2013/2014 financial year. The reversal was however overstated with an amount of R7 018 that led to intangible assets being reduced with an additional amount of R7 018 with the same effect to the 2012/2013 accumulated surplus.

31.8 Payables from exchange transactions

Balance previously reported	10 183 200
Accruals	115 112
Payables SITA and Nashua	<u>575 085</u>

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31. Prior period errors (continued)

10 873 397

Three accrual invoices were identified during the 2017/2018 financial year that related to the 2016/2017 financial year. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R115 112). The resultant contracted services expenditure (R99 777), general expenditure (R1 199) and VAT (R14 136) were also not included in the 30 June 2017 financial statements.

Invoices relating to two suppliers were identified during the 2017/2018 financial year that related to the 2015/2016 and the 2016/2017 financial years. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R575 088). General expenditure (R339 196) and lease rentals on operating lease (R176 919) were not included in the 2016/2017 financial statements. Lease rentals on operating lease (R58 973) were not included in the 2015/2016 financial statements.

31.9 Provisions

Balance previously reported
Provision (Insurance)

79 564

79 564

Insurance claims relating to third party payments were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. The excess amounts payable by the Municipality relating to matters that existed at reporting date became known during this period. These amounts were previously not recognised as provisions to the amount of R79 564 (2016/2017 financial year) and R25 481 (2015/2016 financial year). This had a resultant effect on the general expenditure to the amount of R79 564 (2016/2017 financial year) and R25 481 (2015/2016 financial year).

31.10 Accumulated surplus

Balance previously reported	612 795 561
Prior year expenditure amended due to correction of error included in Payables from exchange transactions: Accruals	(100 975)
Prior year expenditure amended due to correction of error included in Payables from exchange transactions: Payables	(575 087)
Gain on recognition of asset: Land, buildings and accumulated depreciation not previously recognised (Erf 16405)	1 565 724
Loss on disposal of asset: 5 Erven in La Motte and Hemon: Land, buildings and accumulated depreciation	(1 964 315)
Repairs and maintenance incorrectly included as buildings	(2 778)
Depreciation on 5 erven in La Motte and Hemon incorrectly included after the disposal date of the assets	155 703
Intangible Assets included against the incorrect vote in prior years	7 018
Prior year expenditure amended due to correction of error included in Other receivables from exchange transactions: Deposits	(5 000)
Prior year employee cost amended due to correction of error included in Other receivables from exchange transactions: Injury on duty debtor	81 528
Prior year employee cost amended due to correction of error included in Other receivables from exchange transactions: Other debtors	1 991
Prior year General expenses amended due to correction of Other receivables from exchange transactions: SALGA Debtor	70 287
Prior year service charges amended due to correction of Trade Receivables from exchange transactions: Fire	(2 014)
Inventory losses/ write offs amended due to correction of Inventory written off reversed	1 859
Transfer payments and subsidies amended due to prior year Funding provided by the municipality not utilised: Receivables from non-exchange transactions	80 000
Prior year contracted services and general expenditure amended due to the VAT adjustment	(106 776)
Provision (Insurance)	(79 563)
Receivable (Insurance)	67 608
Correction error in accounting estimate	(9 715 778)

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31. Prior period errors (continued)

602 274 993

Three accrual invoices were identified during the 2017/2018 financial year that related to the 2016/2017 financial year. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R115 112). The resultant contracted services expenditure (R99 777), general expenditure (R11999) and VAT (R14 136) were also not included in the 30 June 2017 financial statements.

Invoices relating to two suppliers were identified during the 2017/2018 financial year that related to the 2015/2016 and the 2016/2017 financial years. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R575 088). General expenditure (R339 196) and lease rentals on operating lease (R176 919) were not included in the 2016/2017 financial statements. Lease rentals on operating lease (R58 973) were not included in the 2015/2016 financial statements.

Erf 16405 Stellenbosch consisting of land and buildings that is owned by the Municipality was previously omitted from the asset register and subsequently from the 2016/2017 financial statements. Land (R1 547 659), buildings R181 740) and Accumulated depreciation (R163 675) was omitted from the 2016/2017 financial statements. This had a resultant effect on the opening balance of Accumulated surplus of the 2016/2017 financial year of R1 569 359 and accumulated surplus of the 2016/2017 financial year of R3 635 (Total accumulated surplus R1 565 724).

Land and buildings relating to low cost housing situated on 5 erven in Hermon and La Motte was incorrectly included in the asset register and subsequently in the 2016/2017 financial statements. The low cost housing was previously identified as housing inventory. The risks and rewards of the housing do not vest with the municipality but rather with the current occupants of the houses. The error impacted land (R86 583), buildings (R1 949 933), accumulated depreciation (R72 201) and accumulated surplus – loss on disposal of asset (R1 964 315).

Repairs and maintenance of buildings to the amount of R2 907 was incorrectly capitalised as buildings - cost to the amount of R2 907 in the 2015/2016 financial statements. Depreciation was incorrectly charged against this capitalisation of the asset of R129 resulting in a net effect of R2 778 in Property, plant and equipment.

Depreciation amounting to R43 552 (2016/2017) and R112 151 (2015/2016) relating to land and buildings consisting of low cost housing situated on 5 erven in Hermon and La Motte was previously incorrectly included in the asset register and subsequently in the 2016/2017 financial statements. The low cost housing was previously identified as housing inventory. The risks and rewards of the housing do not vest with the municipality but rather with the current occupants of the houses.

An intangible asset was identified during the 2013/2014 financial year that was incorrectly included as an asset in the 2012/2013 financial year. This error was reversed in the 2013/2014 financial year. The reversal was however overstated with an amount of R7 018 that led to intangible assets being reduced with an additional amount of R7 018 with the same effect to the 2012/2013 accumulated surplus.

A fuel deposit paid to a service provider to the amount of R5 000 was utilised by the service provider against the outstanding account of the municipality during the 2015/2016 financial year. The related expenditure to the amount of R5 000 incurred in the 2015/2016 financial statements was not previously disclosed in the financial statements.

Certain employees were identified that were paid a salary whilst the employees were on injury on duty leave. A debtor to the amount of R81 528 was not previously created for salaries that were paid to these employees amounting to R17 715 during the 2016/2017 financial year and R63 813 during the 2015/2016 financial year. The employees refunded the amounts to the Municipality during the 2017/2018 financial year.

A debtor to the amount of R1 991 was not previously created for a salary that was incorrectly paid to an employee during the 2016/2017 financial year. This led to employee cost incorrectly including the amount of R1 991 as employee related costs in the 2016/2017 financial year.

The Municipality received a credit note from SALGA in the 2017/2018 financial year that relates to the 2016/2017 financial year. This credit note was not previously corrected to the 2016/2017 SALGA debtor to the amount of R70 287. This led to general expenditure previously being overstated to the amount of R70 287.

A service was rendered for fire fighting during the 2016/2017 financial year and charged to service charges (R2 014). The amount was initially levied to an incorrect account. The reversal of this levy from the incorrect account was not previously removed from the trade and other receivables from exchange transactions (R2 014).

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31. Prior period errors (continued)

Certain inventory items amounting to R1 859 were identified during the current year that was incorrectly written off during the 2016/2017 financial year. Inventory was incorrectly reduced with R1 859 and inventory losses/ write offs were incorrectly increased with R1 859.

Funding was provided by the Municipality towards two tourism projects during the 2016/2017 financial year to the amount of R80 000. These projects were not implemented by the two organisations receiving the funding during the 2016/2017 financial year. The two organisations were requested to repay the amounts to the Municipality. The amount of R80 000 was not previously recognised as receivables during the 2016/2017 financial year.

The South African Revenue Services (SARS) identified four tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the December 2016 and June 2017 VAT periods. These amounts were incorrectly included during the 2016/2017 financial year as part of the VAT receivable (R106 774), VAT on Contracted services (R91 091) and VAT on General expenditure (R15 682).

Insurance claims relating to third party payments were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. The excess amounts payable by the municipality relating to matters that existed at reporting date became known during this period. These amounts were previously not recognised as provisions to the amount of R79 565 (2016/2017 financial year) and R25 478 (2015/2016 financial year). This had a resultant effect on the general expenditure to the amount of R79 565 (2016/2017 financial year) and R25 478 (2015/2016 financial year).

Insurance claims claimed by the Municipality were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. The amounts above the excess amounts that were receivable by the Municipality relating to matters that existed at reporting date became known. These amounts were previously not recognised as receivables to the amount of R67 606 (2016/2017 financial year) and R2 674 (2015/2016 financial year). This had a resultant effect on the other income to the amount of R67 606 (2016/2017 financial year) and R2 674 (2015/2016 financial year).

The residual value of the buildings was previously calculated at 50% of the cost price. It was determined that this was an error as it is not the intention of management to sell municipal property. Where property was transferred to the local municipality or to the community, the transfers were made at R0. An error existed in that the residual value should have been calculated at R0. The error impacted Accumulated depreciation (R9 715 779), accumulated surplus 2015-2016 (R11 267 994) and the surplus of 2016-2017 (R1 552 216). The surplus for 2016-2017 consists of a correction to depreciation of R1 282 248 and loss on disposal of assets of R269 968.

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31. Prior period errors (continued)

Statement of Financial Performance

	Audited	Prior year error	Reclassification s	Restated
Revenue				
Revenue from exchange transactions				
Service charges	628 905	(2 014)	-	626 891
Rental of facilities and equipment	107 481	-	-	107 481
Agency services	103 409 659	-	-	103 409 659
Other income	2 528 856	64 931	-	2 593 787
Interest received - investment	51 017 913	-	-	51 017 913
Total revenue from exchange transactions	157 692 814	62 917	-	157 755 731
Revenue from non-exchange transactions				
Transfer revenue				
Government grants and subsidies	227 556 400	-	-	227 556 400
Public contributions and donations	3 148 434	-	-	3 148 434
Fines, Penalties and Forfeits	2 000	-	-	2 000
Total revenue from non-exchange transactions	230 706 834	-	-	230 706 834
Total revenue	388 399 648	62 917	-	388 462 565
Expenditure				
Employee related costs	(173 771 849)	(33 724)	-	(173 805 573)
Remuneration of councillors	(10 216 294)	-	-	(10 216 294)
Depreciation and amortisation	(9 702 787)	1 322 225	-	(8 380 562)
Finance costs	(901)	-	-	(901)
Debt impairment	(1 256 555)	-	-	(1 256 555)
Repairs and maintenance	(54 387 899)	-	54 387 899	-
Bad debt written off	(22 676)	-	-	(22 676)
Contracted services	-	(190 868)	(58 037 318)	(58 228 186)
Lease rentals on operating lease	(380 819)	(176 919)	-	(557 738)
Transfers and subsidies	-	80 000	(13 355 051)	(13 275 051)
General Expenses	(112 545 001)	(286 434)	17 004 470	(95 826 965)
Total expenditure	(362 284 781)	714 280	-	(361 570 501)
Operating surplus	26 114 867	777 197	-	26 892 064
Loss on disposal of assets and liabilities	(2 181 097)	269 967	-	(1 911 130)
Inventories losses/ write-downs	(84 728)	1 860	-	(82 868)
	(2 265 825)	271 827	-	(1 993 998)
Surplus for the year	23 849 042	1 049 024	-	24 898 066

31.11 Service charges

Balance previously reported	628 905
Receivables (Fire)	(2 014)
	626 891

A service was rendered for fire fighting during the 2016/2017 financial year and charged to service charges (R2 014). The amount was initially levied to an incorrect account. The reversal of this levy from the incorrect account was not previously removed from the trade and other receivables from exchange transactions (R2 014).

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31. Prior period errors (continued)

31.12 Other Income

Balance previously reported		2 528 856
Receivable insurance		64 931
		2 593 787

Insurance claims claimed by the Municipality were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. The amounts above the excess amounts that were receivable by the Municipality relating to matters that existed at reporting date became known. These amounts were previously not recognised as receivables to the amount of R67 606 (2016/2017 financial year) and R2 674 (2015/2016 financial year). This had a resultant effect on the other income to the amount of R67 606 (2016/2017 financial year) and R2 674 (2015/2016 financial year). The nett effect of the previous amounts equals R64 931.

31.13 Employee related costs

Balance previously reported		(173 771 849)
Debtors raised not accurate		1 991
Injury on Duty claim		17 725
Employee cost moved to general expenditure		(53 440)
		(173 805 573)

A debtor to the amount of R1 991 was not previously created for a salary that was incorrectly paid to an employee during the 2016/2017 financial year. This led to employee cost incorrectly including the amount of R1 991 as employee related costs in the 2016/2017 financial year.

Certain employees were identified that were paid a salary whilst the employees were on injury on duty leave. A debtor to the amount of R81 528 was not previously created for salaries that were paid to these employees amounting to R17 715 during the 2016/2017 financial year and R63 813 during the 2015/2016 financial year. The employees refunded the amounts to the Municipality during the 2017/2018 financial year.

A settlement amount of R53 440 for the termination of the services of an employee was incorrectly included as employee related costs during the 2016/2017 financial year. The amount of R53 440 should have been reflected as general expenditure.

31.14 Depreciation and amortisation

Balance previously reported		(9 702 787)
Depreciation: Buildings		39 977
Correction error in accounting estimate		1 282 248
		(8 380 562)

Depreciation amounting to R3 635 relating to Erf 16405 Stellenbosch consisting of land and buildings that is owned by the Municipality was previously omitted from the asset register and subsequently from the 2016/2017 financial statements.

Depreciation amounting to R43 612 relating to land and buildings consisting of low cost housing situated on 5 erven in Hermon and La Motte was previously incorrectly included in the asset register and subsequently in the 2016/2017 financial statements. The low cost housing was previously identified as housing inventory. The risks and rewards of the housing do not vest with the Municipality but rather with the current occupants of the houses.

The residual value of the buildings was previously calculated at 50% of the cost price. It was determined that this was an error as it is not the intention of management to sell municipal property. Where property was transferred to the local municipality or to the community, the transfers were made at R0. An error existed in that the residual value should have been calculated at R0. The error impacted Accumulated depreciation (R9 715 7790), accumulated surplus 2015-2016 (R11 267 994) and the surplus of 2016-2017 (R1 552 216). The surplus for 2016-2017 consists of a correction to depreciation of R1 282 248 and loss on disposal of assets of R269 968.

31.15 Repairs and maintenance

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31. Prior period errors (continued)		
Balance previously reported		(54 387 899)
General expenditure - reclassification		47 902 849
Contracted services - reclassification		5 906 843
Transfers and subsidies - reclassification		578 207
		-

Repairs and maintenance expenditure was disclosed as a separate line item in the 2016/2017 financial statements. According to GRAP 1 and mSCOA, expenditure must either be disclosed in terms of its function or in terms of its nature. The Municipality elected to disclose its expenditure by nature. An evaluation of expenditure by nature was performed during the 2017/2018 financial year. This led to the reclassification of the amounts previously disclosed in the 2016/2017 financial statements regarding Repairs and maintenance amounting to R54 387 899 to General expenditure (R47 902 849), Contracted services (R5 906 843) and to Transfers and subsidies (R578 207).

31.16 Contracted services

Balance previously reported		-
General expenditure - reclassification		(52 130 476)
Repairs and maintenance - reclassification		(5 906 843)
VAT Claim Rejected		(91 091)
Accrual raised		(99 776)
		(58 228 186)

General expenditure was disclosed as a separate line item in the 2016/2017 financial statements. According to GRAP 1 and mSCOA, expenditure must either be disclosed in terms of its function or in terms of its nature. The Municipality elected to disclose its expenditure by nature. An evaluation of expenditure by nature was performed during the 2017/2018 financial year. This led to the reclassification of the amounts previously disclosed in the 2016/2017 financial statements regarding General expenditure amounting to R64 901 319 to Contracted services (R52 130 476) and to Transfers and subsidies (R12 776 843).

Repairs and maintenance expenditure was disclosed as a separate line item in the 2016/2017 financial statements. According to GRAP 1 and mSCOA, expenditure must either be disclosed in terms of its function or in terms of its nature. The Municipality elected to disclose its expenditure by nature. An evaluation of expenditure by nature was performed during the 2017/2018 financial year. This led to the reclassification of the amounts previously disclosed in the 2016/2017 financial statements regarding Repairs and maintenance amounting to R54 387 899 to General expenditure (R47 902 849), Contracted services (R5 906 843) and to Transfers and subsidies (R578 207).

The South African Revenue Services (SARS) identified four tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the December 2016 and June 2017 VAT periods. These amounts were incorrectly included during the 2016/2017 financial year as part of the VAT receivable (R106 774), VAT on Contracted services (R91 091) and VAT on General expenditure (R15 682).

Three accrual invoices were identified during the 2017/2018 financial year that related to the 2016/2017 financial year. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R115 112). The resultant contracted services expenditure (R99 777), general expenditure (R1 199) and VAT (R14 136) were also not included in the 30 June 2017 financial statements.

Cape Winelands District Municipality

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31. Prior period errors (continued)

31.17 Lease rentals on operating lease

Balance previously reported		(380 819)
Provisions (Insurance)		(176 919)
		(557 738)

Invoices relating to two suppliers were identified during the 2017/2018 financial year that related to the 2015/2016 and the 2016/2017 financial years. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R575 088). General expenditure (R339 196) and Lease rentals on operating lease (R176 919) were not included in the 2016/2017 financial statements. Lease rentals on operating lease (R58 973) were not included in the 2015/2016 financial statements.

31.18 Transfers and subsidies

Balance previously reported		-
Refund from Local Tourism Associations		80 000
General expenditure- reclassification		(12 776 843)
Repairs and maintenance - reclassification		(578 208)
		(13 275 051)

Funding was provided by the Municipality towards two tourism projects during the 2016/2017 financial year to the amount of R80 000. These projects were not implemented by the two organisations receiving the funding during the 2016/2017 financial year. The two organisations were requested to repay the amounts to the Municipality. The amount of R80 000 was not previously recognised as receivables during the 2016/17 financial year.

General expenditure was disclosed as a separate line item in the 2016/2017 financial statements. According to GRAP 1 and mSCOA, expenditure must either be disclosed in terms of its function or in terms of its nature. The Municipality elected to disclose its expenditure by nature. An evaluation of expenditure by nature was performed during the 2017/2018 financial year. This led to the reclassification of the amounts previously disclosed in the 2016/2017 financial statements regarding General expenditure amounting to R64 901 319 to Contracted services (R52 130 476) and to Transfers and subsidies (R12 776 843).

Repairs and maintenance expenditure was disclosed as a separate line item in the 2016/2017 financial statements. According to GRAP 1 and mSCOA, expenditure must either be disclosed in terms of its function or in terms of its nature. The municipality elected to disclose its expenditure by nature. An evaluation of expenditure by nature was performed during the 2017/2018 financial year. This led to the reclassification of the amounts previously disclosed in the 2016/2017 financial statements regarding repairs and maintenance amounting to R54 387 899 to general expenditure (R47 902 849), to Contracted services (R5 906 843) and to Transfers and subsidies (R578 208).

31.19 General Expenses

Balance previously reported		(112 545 001)
Correction of external computer services		(339 196)
Correction employee related cost		53 440
Restatement from repairs and maintenance		(47 902 849)
Restatement to contracted services		52 130 476
Restatement to transfers and subsidies		12 776 843
VAT claim rejected		(15 681)
Correction insurance: 2016/2017		(79 565)
Reversal of insurance provision: 2015/2016		25 480
Correction of electricity		(1 199)
SALGA Debtor		70 287
		(95 826 965)

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31. Prior period errors (continued)

Invoices relating to two suppliers were identified during the 2017/2018 financial year that related to the 2015/2016 and the 2016/2017 financial years. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R575 088). General expenditure (R339 196) and lease rentals on operating lease (R176 919) were not included in the 2016/2017 financial statements. Lease rentals on operating lease (R58 973) were not included in the 2015/2016 financial statements.

A settlement amount of R53 440 for the termination of the services of an employee was incorrectly included as Employee related costs during the 2016/2017 financial year. The amount of R53 440 should have been reflected as General expenditure.

Repairs and maintenance expenditure was disclosed as a separate line item in the 2016/2017 financial statements. According to GRAP 1 and mSCOA, expenditure must either be disclosed in terms of its function or in terms of its nature. The municipality elected to disclose its expenditure by nature. An evaluation of expenditure by nature was performed during the 2017/2018 financial year. This led to the reclassification of the amounts previously disclosed in the 2016/2017 financial statements regarding repairs and maintenance amounting to R54 387 899 to General expenditure (R47 902 849), to Contracted services (R5 906 843) and to Transfers and subsidies (R578 208).

General expenditure was disclosed as a separate line item in the 2016/2017 financial statements. According to GRAP 1 and mSCOA, expenditure must either be disclosed in terms of its function or in terms of its nature. The Municipality elected to disclose its expenditure by nature. An evaluation of expenditure by nature was performed during the 2017/2018 financial year. This led to the reclassification of the amounts previously disclosed in the 2016/2017 financial statements regarding General expenditure amounting to R64 901 319 to Contracted services (R52 130 476) and to Transfers and subsidies (R12 776 843).

The South African Revenue Services (SARS) identified four tax invoices that did not comply with the VAT Act. This led to a partial VAT claim rejection for the December 2016 and June 2017 VAT periods. These amounts were incorrectly included during the 2016/2017 financial year as part of the VAT receivable (R106 774), VAT on Contracted services (R91 091) and VAT on General expenditure (R15 682).

Insurance claims relating to third party payments were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. The excess amounts payable by the Municipality relating to matters that existed at reporting date became known during this period. These amounts were previously not recognised as provisions to the amount of R79 565 (2016/2017 financial year) and R25 478 (2015/2016 financial year). This had a resultant effect on the General expenditure to the amount of R79 565 (2016/2017 financial year) and R25 478 (2015/2016 financial year).

Three accrual invoices were identified during the 2017/2018 financial year that related to the 2016/2017 financial year. These amounts were not paid at 30 June 2017 and were previously not included in Trade payables (R115 112). The resultant Contracted services expenditure (R99 777), General expenditure (R1 199) and VAT (R14 136) were also not included in the 30 June 2017 financial statements.

The Municipality received a credit note from SALGA in the 2017/2018 financial year that relates to the 2016/2017 financial year. This credit note was not previously corrected to the 2016/2017 SALGA debtor to the amount of R70 287. This led to general expenditure previously being overstated to the amount of R70 287.

31.20 Inventories losses/ write-downs

Balance previously reported	(84 728)
Correction of stock written off	1 860
	(82 868)

Certain inventory items amounting to R1 859 were identified during the current year that was incorrectly written off during the 2016/2017 financial year. Inventory was incorrectly reduced with R1 859 and inventory losses/write-offs were incorrectly increased with R1 859.

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31. Prior period errors (continued)

31. 21 Additional disclosure

Financial instruments:

The comparative amounts that were disclosed in the 2017/2018 financial instruments disclosure note number 33 were amended from the amounts disclosed in the 2016/2017 financial statements. This was due to the correction of errors as included in note 31 relating to Trade receivables from exchange transactions (note 31.1), Other receivables from exchange transactions (note 31.2) and receivables from non-exchange transactions (note 31.3).

Additional disclosure in terms of the Municipal Finance Management Act (MFMA): VAT

The comparative amount that was disclosed in the 2017/2018 additional disclosure in terms of the MFMA: VAT disclosure note number 38.5 was amended from the amount disclosed in the 2016/2017 financial statements. This was due to the correction of errors as included in note 31 relating to VAT receivable (note 31.5).

Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005, regulation 45: Included in note 40.2.

The disclosure regarding the particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the stated in the previous twelve months refers. Two relationships were identified during the 2017/2018 financial year that was previously quantified up to 30 June 2017. Evidence was presented that confirmed that the relationship regarding Moreson Grondverskuiwers BK ceased on 31 December 2016 and the relationship regarding Lumber & Lawn (Pty) Ltd ceased on 31 March 2017. The total payments made to these suppliers were restated to only include the amounts up to the date when the relationship ceased to exist. This led to the total disclosure reducing from the previously disclosed R20 716 238 (Moreson Grondverskuiwers BK R14 023 458 and Lumber & Lawn (Pty) Ltd R9 552) to the restated amount of R11 775 058 (Moreson Grondverskuiwers BK R5 086 347 and Lumber & Lawn (Pty) Ltd R5 483).

Contingencies: Included in note 44.1

Insurance claims relating to third party payments were finalised after the reporting date of 30 June 2017 but prior to the date when the financial statements were authorised for issue. The excess amounts payable by the municipality relating to matters that existed at reporting date became known during this period. This led to contingent liabilities relating to third party accident claims previously disclosed as 8 insurance claims awaiting an outcome being restated to 7 insurance claims that were still awaiting an outcome from the insurance companies.

Contingent asset: Included in note 44.2

Insurance claims claimed by the municipality were finalised after the reporting date of 30 June 2017 but prior to the date when the financial statements were authorised for issue. The amounts above the excess amounts that were receivable by the municipality relating to matters that existed at reporting date became known. This led to contingent assets previously disclosed as 16 insurance claims awaiting an outcome being restated to 4 insurance claims that were still awaiting an outcome from the insurance companies.

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32. Cash generated from operations		
Surplus	19 995 832	24 898 066
Adjustments for:		
Depreciation and amortisation	10 320 548	8 380 562
Gain on sale of assets and liabilities	8 881 450	1 911 130
Finance costs - Finance leases	91	901
Debt impairment	(2 187 943)	1 256 555
Movements in operating lease assets and accruals	(11 257)	13 957
Movements in retirement benefit assets and liabilities	12 055 176	5 542 517
Movements in provisions	(57 944)	54 087
Inventory write off	-	82 868
Changes in working capital:		
Other receivables from exchange transactions	(9 711 529)	(1 242 486)
Trade Receivables from exchange transactions	2 470 870	573 540
Other receivables from non-exchange transactions	190 366	(259 824)
Payables from exchange transactions	(965 065)	(2 967 544)
VAT	26 975	(651 501)
Unspent conditional grants and receipts	465 534	(4 175 502)
Inventories	271 831	71 170
	41 744 935	33 488 496

33. Financial Instruments

Financial risk management

The accounting policy for financial instruments were applied to the following Statement of Financial Position items:

Financial assets at amortised cost

Trade receivables from exchange transactions	14 649	297 576
Other receivables from exchange transactions	22 106 225	13 168 778
Receivables from non-exchange transactions	69 458	259 824
Cash and cash equivalents	616 034 060	592 130 504
	638 224 392	605 856 682

Financial liabilities at amortised cost

Payables from exchange transactions	9 908 332	10 873 397
Finance lease obligation	-	3 454
Operating lease liability	20 082	31 339
	9 928 414	10 908 190

Refer to notes 4, 5 and 8 for additional disclosures.

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33. Financial Instruments (continued)

Liquidity risk

The Municipality has limited exposure to liquidity risk and is able to meet its financial obligations as it falls due. The Municipality limits exposure to liquidity risk by ensuring all liabilities are cash backed.

The following are contractual maturities of financial assets and liabilities.

At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables form exchange transactions	9 908 332	-	-	-
Operating lease liability	13 605	6 477	-	-
At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables form exchange transactions	10 873 397	-	-	-
Finance lease obligation	3 454	-	-	-
Operating lease liability	11 257	20 082	-	-

Credit risk

Credit risk consists mainly of cash and cash equivalents. The Municipality only deposits cash with multiple banks, limiting exposure to any one counter-party.

The carrying amount of receivables and cash & cash equivalents represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets at amortised cost	2018	2017
Other receivables from exchange transactions	22 106 225	13 168 778
Trade receivables from exchange transactions	14 649	297 576
Cash and cash equivalents	616 034 060	592 130 504
Receivables from non-exchange transactions	69 458	259 824

Fair Values

Due to their short maturities the fair values of all financial instruments are substantially identical to the values reflected in the statement of financial position.

There were no changes in the Municipality's approach to financial risk management from the prior year.

Interest rate risk

The Municipality's exposure to interest rate risk and effective interest rate on financial instruments at balance sheet date are as follows:

The council has no outstanding loans as at 30 June 2018 (2017: R nil). The average interest rate on investments is 8.15% (2017: 8.34%). The Municipality invest with multiple banks with varying interest rates linked to the prime rate.

Market risk

It is the risk that changes in market prices, such as foreign currency exchange rates and interest rates, will affect the Municipality's projected income. The Municipality does not hold any assets that are impacted by changes in the market.

Foreign currency risk is deemed to be minimal as very few international transactions are conducted.

There were no changes in the Municipality's approach to financial risk management from the prior year.

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34. Going concern

We draw attention to the fact that at 30 June 2018, the Municipality had an accumulated surplus (deficit) of R 622 270 824 (2017: R612 057 387) and that the Municipality's total assets exceed its total liabilities by R 622 270 824 (2017: R 612 057 387).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

With the abolishment of the Regional Services Council Levies on 30 June 2006, the Cape Winelands District Municipality is dependent on Government Grants, including the Equitable Share, for approximately 60% of the Municipality's revenue. In addition, Provincial Allocations, including the rendering of the Roads Function & Working for Water, account for a further 26%.

35. Unauthorised expenditure

Reconciliation of Unauthorised expenditure

Opening Balance	-	-
Approved by Council or condoned	-	-
	-	-
Unauthorised expenditure awaiting authorisation	-	-

36. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure (Amounts disclosed include VAT)

Opening Balance	-	-
Prior year Fruitless and wasteful expenditure identified in the current year that await investigation by MPAC	60 015	-
Fruitless and wasteful expenditure awaiting investigation by MPAC	374 536	-
Amounts established irrecoverable and written-off	-	-
Amounts recoverable	-	-
Amounts not recoverable	-	-
Fruitless and wasteful expenditure awaiting approval	434 551	-

Payments were made in terms of a contract with a consulting engineer where the maximum contractual value was charged even though the project was not fully completed and where the amounts charged, exceeded the allowable fee that is based on the sub-appointed contractor's costs.

Disciplinary steps taken / criminal proceedings

- a) An internal investigation has been conducted by an appointed service provider;
- b) Upon receipt of the final report, processes in terms of the provisions of Section 32 of the MFMA to be followed;
- c) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered;
- d) Relevant consequence management processes will commence upon receipt of final report from appointed service provider; and
- e) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved as at year end.

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37. Irregular expenditure

Reconciliation of Irregular expenditure (Amounts disclosed include VAT)

Opening balance	-	-
Prior year irregular expenditure identified in the current year that await investigation by MPAC	113 746	-
Irregular expenditure awaiting investigation by MPAC	47 719	-
Amounts established irrecoverable and written-off	-	-
Amounts recoverable	-	-
Amounts not recoverable	-	-
	161 465	-

Reconciliation of Irregular expenditure (Amounts disclosed include VAT)

An expansion in excess of 20% was made on a contract for an appointed consulting engineer without following the process in terms of Section 116(3) of the MFMA.

a) An internal investigation has been conducted by an appointed service provider;
 b) Upon receipt of the final report, processes in terms of the provisions of Section 32 of the MFMA to be followed;
 c) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered;
 d) Relevant consequence management processes will commence upon receipt of final report from appointed service provider; and
 e) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved as at year end.

88 301

Total

-

Cape Winelands District Municipality

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37. Irregular expenditure (continued)		
Goods and Services were acquired without following adequate processes in terms of the Supply Chain Management Policy of the Municipality.	73 164	-
a) An internal investigation has been conducted by the Municipality's Internal Audit Unit;		
b) Awaiting investigation by MPAC in terms of Section 32 of the MFMA to recommend to Council if irrecoverable and to be written off, alternatively to be recovered;		
c) Relevant consequence management processes will be instituted upon receipt of final report; and		
d) No fraud was detected; hence no criminal proceedings have been instituted against the responsible officials involved as at year end.		
38. Additional disclosure in terms of Municipal Finance Management Act		
38.1 Contributions to organised local government		
Current year subscription / fee	1 826 274	1 777 085
Amount paid - current year	(1 734 960)	(1 688 231)
Discount received 5% (5%:2017)	(91 314)	(88 854)
	-	-
38.2 Audit fees		
Current year audit fee: Auditor General	2 893 425	2 566 701
Current year audit fee: Audit Committee	107 031	105 076
Amount paid	(3 010 013)	(2 672 699)
	(9 557)	(922)
38.3 PAYE, UIF and SDL		
Current year subscription / fee	(30 793 490)	(27 955 803)
Amount paid - current year	30 793 490	27 955 803
	-	-
38.4 Pension and Medical Aid Deductions		
Current year subscription / fee	(56 749 225)	(53 162 613)
Amount paid - current year	56 749 225	53 162 613
	-	-

Included in medical aid deductions are amounts paid in terms of post employment obligations.

Cape Winelands District Municipality

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38. Additional disclosure in terms of Municipal Finance Management Act (continued)

38.5 VAT

VAT receivable	5 019 283	5 046 258
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The prior year comparative amount was restated during the 2017/2018 financial year. Details are included in note 31.21.

All VAT returns have been submitted by the due date throughout the year.

38.6 Councillors' arrear consumer accounts

During the financial year under review no Councillor was in arrears with the settlement of rates or services.

However, the following amounts are outstanding in respect of the over payment of remuneration due to the upward change in the grading of Witzenberg, Drakenstein and Langeberg Municipality as well as the termination/resignation of councillors and loss of assets.

30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. P Heradien (resigned 10/12/2014)	-	10 315	10 315
Cllr. C. Mcako (resigned 29/06/2016)	-	1 138	1 138
Cllr. Z.L. Gwada	-	2 463	2 463
Cllr. S. Ross	-	4 387	4 387
Cllr. S.W. Nyamana	-	769	769
Cllr. L.S. Sambokwe	-	7 028	7 028
Cllr. S.C. Rens	-	11 013	11 013
	-	37 113	37 113

In respect of the upward grading of the local municipalities within the district:

The Municipality in terms of Section 167(2) of the MFMA, must and has the right to, recover remuneration paid otherwise than in accordance with the framework of the Public Office-Bearers Act, 1998 from political office-bearers and may not write off any expenditure incurred by the municipality in paying or giving such remuneration. In view of the said determination, the Municipality recovered all overpayments as a result of the upward grading of its local municipalities, except for the above mentioned councillors, where payment arrangements have been made.

No cooperation has been received from the then Cllr P. Heradien, thus the Municipality will pursue further legal action. In addition Cllrs Ross, Gwada and Nyamana did not honour the payment arrangements made and the Municipality will pursue further legal action. New payment arrangements have been made with Cllr Sambokwe & Cllr Rens and the outstanding balance will be recovered from each claim/ allowance as it becomes due to them.

In respect of resignations / terminations:

The then Cllr. C. Mcako did not honour the previous arrangement made to settle the outstanding amount on 31 July 2017. The Municipality will pursue further legal action.

30 June 2017	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. P Heradien (resigned 10/12/2014)	-	10 315	10 315
Cllr. C. Mcako (resigned 29/06/2016)	-	1 138	1 138
Cllr. A.F. Afrika	2 387	-	2 387
Cllr. Z.L. Gwada	2 463	-	2 463
Cllr. S. Ross	4 387	-	4 387
Cllr. S.W. Nyamana	769	-	769
Cllr. L.S. Sambokwe	20 772	-	20 772

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38. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Cllr. S.C. Rens	20 772	20 772
Cllr. E. Gouws	17 631	17 631
Cllr. M.M. Adriaanse	17 631	17 631
Cllr. A.J. Shibili	4 025	4 025
Cllr. D. Carinus	3 920	3 920
	94 757	110 210
	11 453	106 210

The Municipality in terms of Section 167(2) of the MFMA, must and has the right to, recover remuneration paid otherwise than in accordance with the framework of the Public Office-Bearers Act, 1998 from political office-bearers and may not write off any expenditure incurred by the municipality in paying or giving such remuneration. In view of the said determination, the Municipality recovered all overpayments as a result of the upward grading of its local municipalities, except for the above mentioned councillors, where payment arrangements have been made.

The Municipality's appointed collection agency is in the process to negotiate payment arrangements to be made with the attorney of the then Cllr P. Heradien.

In respect of resignations / terminations:

During July 2016 the Municipality was informed of Cllr Mchoko's resignation on 29 June 2016, resulting in the receivable. The then Cllr. C. Mchoko arranged to settle the outstanding amount on 31 July 2017.

In respect of the loss of assets:

The amount owed by Cllr Carinus originated due to the theft of a laptop under the said councillors control and it was agreed that the cost of the laptop will be fully recovered as at the end of August 2017.

38.7 Particulars of non-compliance

MFMA section 116(3) states that a contract or agreement procured through the supply chain management policy of the municipality may be amended by the parties, but only after—

- a) The reasons for the proposed amendment have been tabled in the council of the municipality; and
- b) The local community—
 - i) has been given reasonable notice of the intention to amend the contract or agreement; and
 - ii) has been invited to submit representations to the municipality.

Furthermore, the Supply Chain Management Policy of the Municipality states that any expansion or variation in excess of 20% must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract.

An expansion in excess of 20% was made on a contract for an appointed consulting engineer in respect of geotechnical, survey & health and safety functions. The non-compliance occurred in the 2016/2017 financial year and was identified in the 2017/2018 financial year. Goods and services were acquired without following adequate procurement processes and the prior year non-compliance was identified in the 2017/2018 financial year. (Amounts disclosed are inclusive of VAT)

Regulation 2(3)(a) of the Municipal Supply Chain Management Regulations, 2005 stipulates that no municipality may act otherwise than in accordance with its supply chain management policy when procuring goods or services. Goods or services were acquired without following adequate procurement processes. The non-compliance for the prior year was identified in the 2017/2018 financial year. (Amounts disclosed are inclusive of VAT).

Expansion above 20% without following S116(3) of the MFMA	-	88 301
Acquisition of goods and services without following adequate procurement processes	47 719	25 445
	47 719	113 746

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38. Additional disclosure in terms of Municipal Finance Management Act (continued)

The Municipality intends to request National Treasury for condonation in terms of Section 170 of the MFMA on the matters above.

38.8 Intergovernmental allocations

Section 123 of the MFMA determines that the municipality must disclose information on any allocations made by the municipality to another municipality. The following allocations were made to local municipalities within the CWDM for projects as identified by the respective local municipality in terms of service level agreements:

Intergovernmental allocations made to another municipality

Breede Valley Municipality	500 000	300 000
Drakenstein Municipality	-	300 000
Langeberg Municipality	500 000	300 000
Stellenbosch Municipality	-	300 000
Witzenberg Municipality	500 000	300 000
	1 500 000	1 500 000

39. Reconciliation between budget and annual financial statements

Reconciliation of variances between budget statement and the final budget:

39.1 Statement of financial performance

Service charges (Amount as per budget schedule)	-	-
Service charges	200 000	-
Transfer to Fines, Penalties and Forfeits	(2 500)	-
Amount as per final approved budget	197 500	-

Service charges were remapped from Other revenue to adhere to the standards of GRAP and provision was made for income received from Fines, penalties and forfeits.

Rental of facilities and equipment (Amount as per budget schedule)	131 000	-
Transfer to Other Income	(1 000)	-
Amount as per final approved budget	130 000	-

No provision was made for revenue collected from the sale of photocopies and maps. Pre-mSCOA these items were recorded under miscellaneous income.

Agency Services (Amount as per budget schedule)	117 635 343	-
Management fees	377 000	-
Amount as per final approved budget	118 012 343	-

Management fees was remapped from other revenue to Agency services to adhere to the standards of GRAP.

Licences and permits (Amount as per budget schedule)	350 000	-
Licences and permits	(350 000)	-
Amount as per final approved budget	-	-

Licences and permits were remapped to Other revenue to adhere to the standards of GRAP.

Transfers and subsidies (Amount as per budget schedule)	232 537 100	-
SETA refunds	(289 000)	-

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39. Reconciliation between budget and annual financial statements (continued)		
Amount as per final approved budget	232 248 100	-
SETA refunds were remapped from Transfers and subsidies to Other revenue to adhere to the standards of GRAP.		
Fines, penalties and forfeits (Amount as per budget schedule)	-	-
Fines, penalties and forfeits	2 500	-
Amount as per final approved budget	2 500	-
No provision was made for fines, penalties and forfeits and a transfer was done from Service charges.		
Other revenue (Amount as per budget schedule)	1 331 450	-
Management fees	(377 000)	-
Service charges	(197 500)	-
SETA refunds	289 000	-
Income: exhibitions	(50 000)	-
License and permits	350 000	-
Fines, penalties and forfeits	(2 500)	-
Transfer from Rental of facilities and equipment	1 000	-
Amount as per final approved budget	1 344 450	-
Other revenue was remapped to adhere to the standards of GRAP		
Employee related costs (Amount as per budget schedule)	200 764 514	-
Learnerships and Internships	2 087 000	-
Learnerships and Internships (Transfer to general expenses)	(435 300)	-
Workmen's compensation fund	1 084 100	-
Workmen's compensation fund (Transfers to general expenses)	(3 479)	-
Bargaining council	(24 800)	-
Transfers to Employee related costs	1 044 299	-
Amount as per final approved budget	204 516 334	-
Learnerships and internships and Workmen's compensation fund were remapped from General expenses to Employee related cost to adhere to standards of GRAP. Bargaining council was remapped from Employee related cost to General expenses to adhere to the standards of GRAP.		
Depreciation and amortisation (Amount as per budget schedule)	10 000 403	-
Depreciation and amortisation (Transfers from other expenditure categories)	1 652 796	-
Amount as per final approved budget	11 653 199	-
Finance cost (Amount as per budget schedule)	8 000	-
Transfers from finance cost	(1 900)	-
Amount as per final approved budget	6 100	-
Lease rentals on operating lease (Amount as per budget schedule)	-	-
Lease rentals on operating lease	1 029 500	-
Amount as per final approved budget	1 029 500	-
Lease rentals on operating lease were remapped from General expenses to adhere to the standards of GRAP.		
Transfers and subsidies (Amount as per budget schedule)	9 708 500	-
Transfers and subsidies (Transfers to and from transfers and subsidies)	4 726 927	-
Amount as per final approved budget	14 435 427	-

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39. Reconciliation between budget and annual financial statements (continued)

Transfers were made from and to Transfers and subsidies to adhere to standards of GRAP.

Contracted services (Amount as per budget schedule)	68 487 760	-
Income from exhibitions	-	-
Transfers to and from Contracted services	(7 548 074)	-
Amount as per final approved budget	60 939 686	-

Transfers from and to contracted services was necessary to allocate items against correct expenditure categories according to GRAP

Other materials (Amount as per budget schedule)	23 111 231	-
Transfers to and from Other materials	(2 303 208)	-
General expenses	(20 808 023)	-
Amount as per final approved budget	-	-

Due to the implementation of mSCOA many items were recorded against incorrect expenditure categories; virements were needed to address these errors. Other materials were remapped to General expenses to adhere to the standards of GRAP.

General Expenses (Amount as per budget schedule)	76 895 272	-
Learnerships and Internships	(2 087 000)	-
Bargaining council	24 800	-
Workmen's compensation fund	(1 084 100)	-
Lease rental on operating leases	(1 029 500)	-
Other materials	20 808 023	-
Transfers to and from general expenses	(6 424 247)	-
Income from exhibitions	(50 000)	-
Amount as per final approved budget	87 053 248	-

Income from exhibitions was remapped from Other Revenue to General expenses to adhere to the standards of GRAP. Learnerships and Internships and Workmen's compensation fund were remapped from General expenses to Employee related cost to adhere to the standards of GRAP. Bargaining council was remapped from Employee related cost to general expenses to adhere to the standards of GRAP. Lease rentals on operating lease were remapped from general expenses to adhere to the standards of GRAP.

Loss on disposal of assets and liabilities (Amount as per budget schedule)	20 000	-
Transfer to Inventories losses / write downs	(5 000)	-
Transfer to Impairment loss	(35 001)	-
Transfers to Loss on disposal of assets	9 327 186	-
Amount as per final approved budget	9 307 185	-

Transfers from Loss on disposal of PPE was done to make provision for Inventories losses and impairment losses. Transfers were made to Loss on disposal of property, plant and equipment to make provision for disposal of assets at year end.

Inventories losses / write downs (Amount as per budget schedule)	-	-
Transfer from Loss on disposal of PPE	5 000	-
Amount as per final approved budget	5 000	-

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39. Reconciliation between budget and annual financial statements (continued)

39.2 Statement of financial position

Receivables from non-exchange transactions (Amount as per budget schedule)	5 694 595	-
VAT receivable	(5 200 000)	-
	494 595	-

VAT receivable was remapped from receivables from non-exchange transactions to adhere to the standards of GRAP.

Trade and other payables from exchange transactions (Amount as per budget statement)	20 059 131	-
Unspent conditional grants	(2 228 846)	-
Amount as per final approved budget	17 830 285	-

Unspent conditional grants was remapped from trade and other payables to adhere to the standards of GRAP.

Unspent Conditional Grants (Amount as per budget statement)	-	-
Unspent Conditional Grants	2 228 846	-
Amount as per final approved budget	2 228 846	-

Unspent conditional grants was remapped from trade and other payables to adhere to the standards of GRAP.

39.3 Cashflow statement

Suppliers and Employees (Amount as per budget statement)	380 741 716	-
Transfers and Grants	9 708 500	-
Finance charges	8 000	-
Amount as per final approved budget	390 458 216	-

Transfers and grants and finance charges were remapped to adhere to the standards of GRAP.

Employee cost (Amount as per budget statement)	-	-
Employee cost	200 764 514	-
Amount as per final approved budget	200 764 514	-

Employee cost was remapped to adhere to the standards of GRAP.

Remuneration of councillors (Amount as per budget statement)	-	-
Remuneration of councillors	11 482 939	-
Amount as per final approved budget	11 482 939	-

Remuneration of councillors was remapped to adhere to the standards of GRAP.

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40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005

40.1 Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b).

2018	Total Value (incl. VAT)	Emergency	Sole Supplier/ Agent	Impractical	Impossible
July	611 733		19	11	
August	866 277		16	12	
September	552 630		14	25	
October	494 422		15	15	
November	235 849		7	20	
December	336 605		4	21	
January	2 271 102		30	6	
February	606 642		16	11	
March	732 460		5	10	
April	103 984		2	5	
May	1 272 105		9	16	
June	1 233 099		19	12	
	9 316 908		156	164	
2017	Total Value (incl. VAT)	Emergency	Sole Supplier/ Agent	Impractical	Impossible
July	960 539	1		15	
August	1 130 352		2	42	
September	321 325	1	1	5	
October	321 533		3	23	
November	605 908		13	32	
December	188 742		5	19	
January	903 752		8	37	
February	617 815		9	15	
March	529 481		24	109	
April	350 107		4	24	
May	751 684	1	7	24	
June	423 771		4	31	
	7 105 009	3	80	376	

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40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005 (continued)						
40.2 Regulation 45 - Particulars of awards of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. (Amounts disclosed include VAT)						
Name of Institution	Supplier	Relationship	Name of family	Capacity	2018	2017
Cape Winelands District Municipality	C Bar Landscaping Close Corporation	Cousin	E. Niemand	Senior Administrator: Quotations & Tenders	398 017	256 893
Cape Winelands District Municipality	AE Human T/A Astra Catering	Child	L. Burger	Senior Administrator: Quotations & Tenders	315 210	507 424
Cape Winelands District Municipality	C E Minnar T/A Exquisite High Tea	Son/ Daughter in-law	C. Roland	Senior Manager: Revenue & Expenditure Management	-	144 677
Cape Winelands District Municipality	M & N Bakwerkwe Close Corporation	Brother/ Sister	E. Niemand	Senior Administrator: Quotations & Tenders	71 961	7 684
Cape Winelands District Municipality	America Busdiens	Child	V. Africa	Workshop Assisstant-Robertson	25 850	123 580
Cape Winelands District Municipality	Vallei Auto Herstelwerke Proprietary Limited	Child	J. Mostert	Traffic Officer	-	30 562
Cape Winelands District Municipality	Price Catering and Cleaning (Pty) Ltd	Child	C. Price	Student: Information & Communication Technology	38 810	-
City of Cape Town	NCC Environmental Services Proprietary Limited	Spouse	C. Rhoda	Head of Invasive Species: Biodiversity Centre, West Lake	702 989	619 041
Department of Agriculture	BK Enterprises	Spouse	Mrs Kruger	Technician: Sheep farming at Dept of Agriculture	-	1 400
Department of Agriculture	Masiqhambe Trading 77 Close Corporation	Child	B. Qxillshe	Snr Admin officer: Dept of Agriculture, Forestry & Fisheries	93 562	96 920
Western Cape Education Department	Masiqhambe Trading 77 Close Corporation	Child	S Qxillishe	Teacher at Du Noon	-	-
City of Cape Town	Gryde Enterprises Proprietary Limited	Child	G. Brandon	Personal Assistant to Council Manager at City of Cape Town	1 000	9 500

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40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005 (continued)						
Department of Economic Development and Tourism	SMEC South Africa Proprietary Limited	Spouse	Y. Phosa	MEC: Economic Development	2 892 571	2 760 442
Department of Education	J Walters t/a J C Travel	Spouse	C. Walters	Secretary at School	41 100	220 050
Department of Education	Lumber & Lawn Proprietary Limited	Spouse	J. van Zyl	Teacher (Resigned: 31/03/2017)	-	5 483
Department of Education	Piston Power Chemicals Close Corporation	Spouse	N. Andhee	Teacher	319 635	399 627
Department of Education	Robertson Shell Trust	Spouse	D.B. Augustyn	Teacher at Dagbreek Primary	92 676	285 206
Department of Education	Valley Funerals (Worcester)	Spouse	D. Jantjes	Invigilator (Periodic Worker)	-	15 250
Department of Health	Kings Catering	Sister	T. September	Ass. Director: Fin SCM: Admissions Info Management	-	106 100
Department of Health	Berlin Construction & Logistics Proprietary Limited	Child	M. Martin	Admin Officer	-	12 122
Department of Health	Moreson	Child	E. Honing	Community Worker (2016)	-	5 086 347
Department of Human Settlements	Grondverskuiwers Sms ICT Choice Proprietary Limited	Spouse	N. Maqula	Director	166 068	-
	Faure and Faure Incorporated				4 560	9 329
Department of Justice	Faure and Faure Incorporated	Director	L.W. Fortuin	Magistrate		
Department of Justice	Faure and Faure Incorporated	Spouse	Chantal	Judge		
Drakenstein Municipality	S Pietersen t/a SP Health and Sanitation	Parent	A. Allom	Councillor (Resigned 2016)	90 000	89 940
South African Police Services	Ajee Consultancy Close Corporation	Spouse	J. Williams	Sergeant	19 425	96 545
South African Police Services	Jah Guide Agriculture Proprietary Limited	Spouse	G. Davids	Captain	603 159	539 674
	Aurecon South Africa Proprietary Limited				-	87 722

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40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005 (continued)

Special Investigating Unit	Aurecon South Africa Proprietary Limited	Spouse	H.C. Ahischlager	Legal Representative
City of Cape Town	Aurecon South Africa Proprietary Limited	Parent	C.J. Bary	Head: Finance
Oudtshoorn Municipality	Aurecon South Africa Proprietary Limited	Parent	T. Botha	Technical Manager
Cape Nature	Aurecon South Africa Proprietary Limited	Spouse	W.Z. Erasmus	Program Manager
West Coast District Municipality	Aurecon South Africa Proprietary Limited	Parent	H.G. Esterhuysen	Senior Manager - Roads
Transnet Port Terminals	Aurecon South Africa Proprietary Limited	Son	N. Geldenhuys	Mechatronic Engineer
Nkosi Albert Luthuli Hospital	Aurecon South Africa Proprietary Limited	Sister	Dr. Y. Goga	Senior Specialist - Paediatric Haematology
Umgeni Water/Asset Management	Aurecon South Africa Proprietary Limited	Daughter	T. Govender	Fleet Maintenance Administrator
Northern Cape Department of cooperative Governance	Aurecon South Africa Proprietary Limited	Parent	S.M. Grobbelaar	Town and Regional Planner
Limpopo Department of Economic Development Environment & Tourism	Aurecon South Africa Proprietary Limited	Brother	E. Herholdt	Manager
Stellenbosch Municipality	Aurecon South Africa Proprietary Limited	Parent	A. Heyns	Assistant Superintendent
SARS	Aurecon South Africa Proprietary Limited	Spouse	J.H. Higgs	Regional Manager
Department of Correctional Services	Aurecon South Africa Proprietary Limited	Spouse	A. Hougaard	Principle Network Controller
Eastern Cape Department of Education	Aurecon South Africa Proprietary Limited	Spouse	J. Jacobs	Personal Assistant to Chief Director
Hessequa Municipality	Aurecon South Africa Proprietary Limited	Parent	B. Kleynhans	Accountant
CWDM & Breede Valley Municipality	Aurecon South Africa Proprietary Limited	Parent	Cr. B.J. Kriegler	Councillor
Department of Home Affairs	Aurecon South Africa Proprietary Limited	Spouse	M. Marques	Deputy Director
Department of Local Government and Traditional Affairs	Aurecon South Africa Proprietary Limited	Uncle	D. Mayekiso	Official

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40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005 (continued)

Buffalo City Metropolitan Municipality	Aurecon South Africa Proprietary Limited	Employee	M. Mayekiso	Aurecon employee (resigned 31 December 2014)
Eastern Cape Arts and Culture Council	Aurecon South Africa Proprietary Limited	Parent	R.T. Mehlala	Chief Executive Officer
Department of Water Affairs	Aurecon South Africa Proprietary Limited	Parent	A.J. Moore	Chief Engineer
National Department of Public Works	Aurecon South Africa Proprietary Limited	Spouse	K. Nadasen	Director; Key Account Management Official
Buffalo City Metropolitan Municipality	Aurecon South Africa Proprietary Limited	Spouse	D. Ntsebeza	Official
Intsika Yethu Municipality	Aurecon South Africa Proprietary Limited	Cousin	M. Ntsebeza	Official
Intsika Yethu Municipality	Aurecon South Africa Proprietary Limited	Cousin	N. Ntsebesa	Official
Eastern Cape Department of Health	Aurecon South Africa Proprietary Limited	Parent	N.H. Ntsebeza	Official
Sol Plaatje Municipality	Aurecon South Africa Proprietary Limited	Spouse	S.M. O'Connell	Librarian
Sol Plaatje Municipality	Aurecon South Africa Proprietary Limited	Parent	P.S. Pretorius	Chief Officer - Community Services Engineering
SA Reserve Bank	Aurecon South Africa Proprietary Limited	Spouse	J.H. Riekert	Engineering
Ekurhuleni Metropolitan Municipality	Aurecon South Africa Proprietary Limited	Parent	J.M. Robertson	Roads Engineer
City of Cape Town	Aurecon South Africa Proprietary Limited	Sister	S. Seegers	Head of Security Architecture
Nelson Mandela Bay Metropolitan University	Aurecon South Africa Proprietary Limited	Spouse	Dr. M. Skead	Senior Manager - Staff Development
Ekurhuleni Metropolitan Municipality	Aurecon South Africa Proprietary Limited	Parent	R. Tebane	Executive Manager
Nelson Mandela Metropolitan University Business School	Aurecon South Africa Proprietary Limited	Spouse	J. Theron	Head; Graduate School Relations
Department of Water Affairs	Aurecon South Africa Proprietary Limited	Spouse	J. Tredoux	Deputy Director - Accounts Payable
Eskom	Aurecon South Africa Proprietary Limited	Father-in-Law	M. van Rensburg	Executive at Transmission Department

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40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005 (continued)					
Steilenbosch Municipality	Aurecon South Africa Proprietary Limited	Father	A.N. van Taak	Director - Water and Sewerage	
Eastern Cape Department of Health	Aurecon South Africa Proprietary Limited	Spouse	Z.C. Venter	Deputy Director - Employment Relations	
City of Cape Town	Aurecon South Africa Proprietary Limited	Parent	P.C. Vermeulen	Superintendent - Building Maintenance	
Correctional Services	Aurecon South Africa Proprietary Limited	Parent	J. Wilkins	Vice Director - Provincial	
IDC	Aurecon South Africa Proprietary Limited Gibb Proprietary Limited	Spouse	N.S. Wolmarans	Senior Accounts Manager	263 340
Department of Rural Development and Land Reform	Gibb Proprietary Limited	Brother	D. Moffett	Director: Spatial Planning & Land Use Management	
City of Cape Town	Gibb Proprietary Limited	Spouse	A. Moon	Head: Business Continuity	
National Treasury - Office of Accountant General	Gibb Proprietary Limited	Brother-in-law	J. Watson	Director - Accounting Support and Reporting	
Department of Education	Gibb Proprietary Limited	Spouse	S. Cilliers	Teacher	
Ethekwini Municipality	Gibb Proprietary Limited	Aunt	F. Peer	Deputy Mayor, Chair of Finance and Procurement	
National Department of Water Affairs and Forestry	Gibb Proprietary Limited	Spouse	N. Mkhize	Accounting Clerk	
Department of Education — Free State	Gibb Proprietary Limited	Mother	I. Brink	Teacher	
Department of Correctional Services	Gibb Proprietary Limited	Spouse	N. Mzayiya	Correctional Officer	
Department of Transport and Public Works	Gibb Proprietary Limited	Spouse	J. Gooch	Head of Department	
Department of National Treasury	Gibb Proprietary Limited	Spouse	U. Lekonyana	Deputy Director - Grant Monitoring and Analysis	
Department of Water Affairs and Forestry	Gibb Proprietary Limited	Parent	D. Kiewiet	Area Manager (North)	
Eskom	Gibb Proprietary Limited	Spouse	R. Beharie	Senior Engineer	

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Figures in Rand	2018	2017	
40. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005 (continued)			
Economic Development	Gibb Proprietary Limited	Brother F.F. Phidza	Director ICT
Sports and Recreation	Gibb Proprietary Limited	Brother R. Phidze	Senior Control Officer
Eskom Rotek Industries	Gibb Proprietary Limited	Sister T. Phidza	Junior Service Engineer
Depart of Minerals Resource	Gibb Proprietary Limited	Brother-in-law H.H. Netshikweta	Senior Inspector
Eskom Generation	Gibb Proprietary Limited	Sister-in-law T.V. Kabi	Senior Technician
Gauteng Department of Education	Gibb Proprietary Limited	Spouse K. Naidoo	Head of Department Mathematics
City Engineers	Gibb Proprietary Limited	Brother M.B. Haq	Architect/Town Planner
	<u>5 876 593</u>	<u>11 775 058</u>	

In the case of Moreson Grondverskuiwers, the relevant child was in service of the state until 31 December 2016 and in the case of Lumber and Lawn the relevant spouse retired on 31 March 2017, therefore the disclosure of the 2016/2017 financial year was adjusted as follows:

The prior year comparative amount was restated during the 2017/2018 financial year. Details are included in note 31.21.

Moreson Grondverskuiwers	Restated 2017	2017
Lumber & Lawn Proprietary Limited	5 086 347	14 023 458
	5 483	9 552
	<u>5 091 830</u>	<u>14 033 010</u>

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41. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Total
Provision (Insurance claims)	79 564	21 620	(79 564)	21 620

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Total
Provision (Insurance claims)	25 478	79 565	(25 479)	79 564

The provision relates to insurance claims, which were not finalised at year end, but was finalised before the financial statements was authorised for issue.

42. Transfers and subsidies

Fire services	250 000	250 000
Farmer households	3 896 688	3 722 776
Community and social services	1 882 798	150 000
Bursaries	1 713 760	3 274 566
Social relief	798 000	2 738 309
Tourism	1 700 000	1 316 520
Sport and recreation	3 254 278	1 822 880
	13 495 524	13 275 051

43. Contracted services

Outsourced Services

Alien vegetation control	2 142 382	3 592 244
Burial services	13 500	134 990
Business and advisory services	4 182 701	6 250 664
Cleaning services	426 076	477 986
Clearing and grass cutting services	3 120 248	973 166
Hygiene services	909 743	907 956
Professional staff	1 325 218	1 046 647
Security services	2 750 957	1 985 826
Translators, scribes and editors	367 828	284 360

Consultants and Professional Services

Business and advisory	4 914 284	3 480 904
Infrastructure and planning	6 232 310	6 648 736
Laboratory services	1 636 385	1 371 162
Legal cost	38 221	36 086

Contractors

Artist and performers	433 100	325 250
Audio- visual services	41 194	305 366
Catering services	2 207 427	5 290 466
Employee wellness	203 725	-
Event promoters	-	452 500
Exhibit installations	6 500	-

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Figures in Rand	2018	2017
43. Contracted services (continued)		
Fire services	11 410 760	17 066 586
First aid	24 895	74 377
Gardening services	78 651	52 464
Transportation	-	40 400
Photographer	12 650	17 850
Plant, flowers and other decor	351 640	747 880
Stage and sound crew	147 687	36 149
Maintenance of buildings, facilities, equipment and unspecified assets	7 128 999	6 603 373
Graphic designers	-	7 540
Pest control and fumigation	16 713	17 258
	50 123 794	58 228 186

44. Contingencies

44.1 Contingent liabilities

(i) 2018: Delictual claim for damages in the amount of R451 000. At pre-trial conference, it was decided that the matter is to be transferred from the High Court to the Magistrate's Court. This has the effect that the potential liability of the Municipality is reduced to approximately R100 000. The said process is currently pending and remains the same as reported in the previous year.

(2017: The status of the delictual claim for damages in the amount of R451 000 remains the same as reported on in the previous year. Specifically that at the pre-trial conference it was decided that the matter be transferred from the High Court to the Magistrate's Court with the effect that the potential liability of the Municipality is reduced to approximately R100 000. The said process is currently pending.)

(ii) 2018: The insurance brokers of the municipality who are currently dealing with the matter: Mariska Cordy/Cape Winelands District Municipality/Stellenbosch Municipality states that the pre-trial proceeded and the matter was adjourned until 15 October 2018 to enable the parties to comply with the timetable set out in the agreed pre-trial minutes. The settlement per the summons issued amounts to R6 142 100. The plaintiff included the Cape Winelands District Municipality as the second of three defendants in this matter. The settlement amount is to be paid by the insurance company on behalf of the Municipality and it would be expected of the Municipality to only pay the excess amount which has not been determined as yet. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

2017: Claim received from Kemp, Nabal & Associates on 29 April 2015 in respect of the matter: Mariska Cordy/Cape Winelands District Municipality/Stellenbosch Municipality. Mrs Cordy's husband died on 20 September 2012 in a motor cycle accident on the Annandale Road, Stellenbosch, allegedly due to a pothole in the road. The plaintiff's legal team is still in the process to quantify the damages of Mrs Cordy and her 3 children. The estimated settlement amount is R3 049 608.29, as reported by the insurance brokers of the Municipality who are currently dealing with this claim on its behalf and negotiating to lower the settlement amount. The estimate amount is based on the reserving strategy in respect of the initial summons. As the plaintiff has not yet quantified their damages, the estimate is not based on the settlement at this stage. The settlement amount is to be paid by the insurance company on behalf of the Municipality and it would be expected of the Municipality to only pay the excess amount which has not been determined as yet. It is not yet practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.

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44. Contingencies (continued)

(iii) 2018: On 22 January 2018 a Combined Summons was issued by the High Court of South Africa under Case No 728/18 in terms of which the trustees of the Fransie Conradie Trust (the plaintiffs) instituted action against the trustees of the Thera Trust (the defendants) for the damages suffered in the amount of R2 371 525,07 as a result of a fire that started on the property of Thera Trust and which allegedly spread to the property of the Fransie Conradie Trust. On 18 May 2018 a Third Party Notice was served on the District Municipality, in terms of which the Cape Winelands District Municipality was joint as a third party by the defendants (Thera Trust) who avers that the District Municipality is a joint wrongdoer with Thera Trust (the defendant) in that the District Municipality was negligent and that such negligence caused or contributed to the damages suffered by the plaintiff. The matter was reported to the District Municipality's insurers and a fire incident report was accordingly provided, where after a Notice of Intention to Defend was entered. The relief that the defendants' (Thera Trust) are seeking, is as follow: (a) that the District Municipality be held liable for a contribution to the defendant in respect of the damages, (b) that the court make an order declaring a respective degree of fault of the Third Party in relation to the said damages, (c) an order fixing the amount which the Third Party is obliged to contribute towards any damages payable by the defendants. In view of the aforementioned, it is clear that it is not possible at this stage to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence, the disclosure of the value is not possible.

(iv) 2018: The Municipality is still waiting on the outcome of 2 public liability claims and 14 third party accident claims that were handed over to the state attorneys and / or the Municipality's insurance brokers. It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.

(2017: The Municipality is still waiting on the outcome of 4 public liability claims and 8 third party (restated) accident claims that were handed over to the state attorneys and / or the Municipality's insurance brokers. It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.)

The prior year comparative amount was restated during the 2017/2018 financial year. Details are included in note 31.21

44.2 Contingent assets

(i) The Municipality is still awaiting the outcome of 5 insurance claims that were not concluded at 30 June 2018. The claims are not specific to the 2017/2018 financial year.

(2017: The Municipality is still awaiting the outcome of 4 insurance claims (restated) that were not concluded at 30 June 2017. The claims are not specific to the 2016/2017 financial year.)

It is not practicable to provide an estimate of the financial effect, measured by using the principles set out for provisions; hence the disclosure of the value is not possible.

The prior year comparative amount was restated during the 2017/2018 financial year. Details are included in note 31.21

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45. Related parties

The following related parties exist:

National Treasury	
Provincial Government Western Cape	
National Department of Environmental Affairs	
Stellenbosch Municipality	
Drakenstein Municipality	
Breede Valley Municipality	
Langeberg Municipality	
Witzenberg Municipality	
Municipal Manager (M. Mgajo)	Term ended 02/08/2017
Municipal Manager (H.F. Prins)	Appointed 01/12/2017
Chief Financial Officer (F.A. Du Raan-Groenewald)	
Executive Director: Community Development and Planning Services (C.V. Schroeder)	
Executive Director: Technical Services (F.A. van Eck)	
Ald (Dr) H. von Schlicht (Executive Mayor)	Reappointed from 10/08/2016 and Executive Mayor from 01/09/2016
Cllr C. Meyer (Speaker)	Reappointed from 10/08/2016 and Speaker from 01/09/2016
Cllr D. Swart (Deputy Executive Mayor)	Reappointed from 17/08/2016 and Deputy Ex Mayor from 01/09/2016
Cllr Z.L. Masoka	Appointed 14/05/2018
Cllr G.J. Carinus	Reappointed 10/08/2016
Cllr J.D.F. van Zyl	Reappointed 18/08/2016
Cllr J.J. du Plessis	Reappointed 10/08/2016
Cllr L.W. Niehaus	Reappointed 16/08/2016
Cllr A. Florence	Appointed 15/08/2016
Cllr P.C. Ramokhabi	Appointed 15/08/2016
Cllr L. Landu	Appointed 16/08/2016
Cllr M.M. Adriaanse	Appointed 16/08/2016
Cllr R.B. Arnolds	Resigned 12/04/2018
Cllr W.M. Blom	Appointed 10/08/2016
Cllr A. Crombie	Reappointed 15/08/2016
Cllr C. Damens	Reappointed 10/08/2016
Cllr P. Daniels	Appointed 17/08/2016
Cllr R. du Toit	Appointed 15/08/2016
Cllr G.J. Fredericks	Appointed 10/08/2016
Cllr E. Gouws	Appointed 16/08/2016
Cllr P. Hess	Appointed 18/08/2016
Cllr X. Kalipa	Reappointed 10/08/2016
Cllr M.T. Klaas	Appointed 16/08/2016
Cllr N.S. Louw	Appointed 15/08/2016
Cllr S.S. Magqazana	Appointed 10/08/2016
Cllr P. Marran	Appointed 15/08/2016
Cllr E.S.C. Matjan	Reappointed 15/08/2016
Cllr J.S. Mouton	Reappointed 10/08/2016
Cllr R.S. Nalumango	Appointed 15/08/2016
Cllr B.B. Ntshingila	Appointed 10/08/2016
Cllr E. Qhankqiso	Appointed 10/08/2016
Cllr S.C. Rens	Appointed 16/08/2016
Cllr L.S. Sambokwe	Appointed 16/08/2016
Ald J.W. Schuurman	Appointed 17/08/2016
Cllr A.J. Shibili	Appointed 18/08/2016
Cllr L.N. Siwakamisa	Reappointed 10/08/2016
Cllr D.R.A. Snyders	Appointed 10/08/2016
Cllr C. Steyn	Appointed 10/08/2016
Cllr N. Tetena	Appointed 10/08/2016
Cllr J.J. van Rooyen	Appointed 10/08/2016
Cllr W. Vrolick	Appointed 15/08/2016
Cllr C.F. Wilskut	Appointed 15/08/2016

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45. Related parties (continued)

The salaries and remuneration of key management and councillors are disclosed in notes 24&25 of the Annual Financial Statements.

The Provincial Government Western Cape (Department of Transport and Public Works) provide the necessary funds to the Municipality to maintain, repair, protect and manage the proclaimed Provincial Roads in the area of the Municipality. A functional organisational structure, staff establishment and cost of employment is agreed to by both parties and funds are made available to maintain the approved organogram; hence partly utilised to fund the Municipality's employee costs in respect of the execution of the Roads Function.

The Provincial Government Western Cape supply the Municipality with the necessary plant and equipment (yellow fleet and equipment) in order to render the Roads function. The Municipality utilises the said fleet and equipment at no cost however, cost incurred relates to maintenance and fuel.

The Municipality utilised facilities provided by the local municipalities within the Cape Winelands District during the financial year for various programmes and events hosted by the different departments.

Related party transactions

Mayoral bursary fund allocations paid to institutions on behalf of beneficiaries

2018: For the 2017/2018 financial year, no allocations and payments were made on behalf of the bursary beneficiaries to Huguenote College from Cape Winelands District Municipality. With effect from 01 April 2018, the Executive Mayor, Ald (Dr) H von Schlicht, resigned as board member of Huguenot College, which included Chairmanship of the Curriculum Committee.

(2017: The Mayoral Bursary Fund Committee has been established by the Cape Winelands District Municipality in terms of Clause 6.1 of the Revised Mayoral Bursary Fund policy, adopted by Council on 25 October 2012 at Item C.14.8, to ensure efficiency and transparency of the Bursary Fund allocations paid to institutions on behalf of beneficiaries. The members of the Mayoral Bursary Fund Committee assess and evaluate the list of bursary applications in terms of the Mayoral Bursary Fund policy and make bursary award recommendations to the Executive Mayor for final approval, as well as to evaluate the progress and performance of students. Cllr (Dr) H von Schlicht has been designated to serve on the Mayoral Bursary Fund Committee until the term of the previous Council ended and was elected as the Executive Mayor of the Cape Winelands District Municipality on 01 September 2016 when a new Council was constituted. Cllr (Dr) H von Schlicht also serves as a Director at the Hugenote College as from 21 October 2010, to which the Cape Winelands District Municipality paid bursary allocations.)

Opening Balance	-	152 500
Allocation to Huguenote College on behalf of beneficiaries	-	(152 500)
	<u>-</u>	<u>-</u>

For the 2018 academic year, thus during the 2017/2018 financial year, no relatives of employees of the Cape Winelands District Municipality were awarded bursaries in accordance with the terms and conditions as set out in the CWDM Mayoral Bursary Fund Policy. Relatives of employees of CWDM were awarded bursaries in accordance with the terms and conditions as set out in the CWDM Mayoral Bursary Fund Policy. Particulars are disclosed in a separate annexure to the financial statements, Annexure B.

Particulars of benefits in terms of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000), Schedule 1. 5(2) and Schedule 2. 5(1), in respect of business associations is disclosed in a separate annexure to the financial statements, Annexure C.

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46. Change in estimate

Property, plant and equipment

The prior year accounting estimates relating to the estimated useful lives and residual values of office equipment, motor vehicles and plant and equipment were evaluated during the 2017/2018 financial year and the changes in estimates were implemented on 01 July 2017. This led to a change in the depreciation for the 2017/2018 financial year from the 2016/2017 financial year. The amount of the depreciation, had the change in accounting estimate not been effected, the effect of the change in accounting estimate on depreciation for the 2017/2018 financial year as well as the amended depreciation are as follows:

Asset type description	Total of depreciation on assets for 2017-18 had no change been effected:	Total new depreciation for 2017-18 after the change was affected:	Difference
Office equipment	(77 846)	212 543	134 697
Motor vehicles	(975 477)	1 567 530	592 053
Plant and equipment	(118 117)	325 561	207 444
	(1 171 440)	2 105 634	934 194
Office equipment			
Change in depreciation for 2017-18		134 697	-
Change in accumulated depreciation for 2017-18		(134 697)	-
		-	-
Motor vehicles			
Change in depreciation for 2017-18		592 053	-
Change in accumulated depreciation for 2017-18		(592 053)	-
		-	-
Plant and equipment			
Change in depreciation for 2017-18		207 444	-
Change in accumulated depreciation for 2017-18		(207 444)	-
		-	-

The effect of the change in estimate led to an decrease in depreciation of office equipment of R44 653.45, increase in depreciation of motor vehicles of R4 152 801.30 and a increase in depreciation of plant and equipment of R453 235.70 for the future years.

47. Actual operating expenditure versus budgeted operating expenditure

According to the Accounting Policy, explanations should be provided in cases where the difference between the Adjustments Budget and the Actual Expenditure exceeds 10%.

47.1 Statement of Financial Position

Assets

Current Assets

Cash and Cash Equivalents

Variance is less than 10%, no reason required.

Other receivables from exchange transactions

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47. Actual operating expenditure versus budgeted operating expenditure (continued)

The accrued interest was more than anticipated due to an increased interest rate.

Trade receivables from exchange transactions

The provision made for impairment of fire fighting accounts were less than anticipated.

Inventories

The provision for inventories was based on past trends and the variance is as a result of a decrease in roads inventory stock.

Receivables from non- exchange transactions

It was anticipated that a larger amount relating to government grants and subsidies would have been receivable at year end. The amount due to the municipality by the debtor was not older than 30 days

Vat receivable

Variance is less than 10%, no reason required.

Employee benefit asset

The mSCOA chart 6.1 did not make provision for the short term portion of the employee benefit; hence provision was only made for the long term portion.

Non-Current Assets

Property, plant and equipment

The Municipality did not spent +- R 2 000 000 of its capital budget as planned. Savings as a result of VAT input claimed on acquisitions also contributed to the variance.

Intangible assets

The variance is due to savings as a result of input VAT.

Employee benefit asset

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at year end.

Liabilities

Current Liabilities

Operating lease liability

No provision was made for operating lease liability.

Finance lease obligation

No responsive bids were received in respect of cellular phone contracts.

Unspent conditional grants and receipts

The outcome of the roll-over request for grant funding was only finalised in the latter part of the year and therefore it was impossible to timeously finalised the relevant Supply Chain Management processes by 30 June 2018. Non-responsive bids also added to the underspending.

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47. Actual operating expenditure versus budgeted operating expenditure (continued)**Payables from exchange transactions**

The provision for creditors was based on past trends.

Employee benefit obligation

The calculation that is made for the Future Medical Aid Liability, Ex Gratia Pension and Long Service Bonus is calculated by actuaries and the budget estimation is brought in line therewith. However, the revised estimation is only done at year end.

Provisions

The variance relates to insurance claims that were finalised after the reporting date but prior to the date when the financial statements were authorised for issue. No budget appropriation has been made during the relevant budget processes.

Non-Current Liabilities**Operating lease liability**

Refer to comment above.

Employee Benefits

Variance is less than 10%, no reason required.

Net Assets**Accumulated surplus**

Less than 10%. No reason required.

47.2 Statement of Financial Performance**Revenue from exchange transactions****Service charges**

Service charges mainly relate to fire fighting services accounts. Under collection is due to the fact that it is difficult to establish the origin of a fire and therefore to substantiate the accounts levied.

Rental of facilities and equipment

Less than 10%, no reason required.

Agency services

A substantial amount was allocated to recover the Employee Benefit Asset in respect of the Post Employment Medical Aid for the Roads Function. Due to the overlap in financial years, the relevant allocation was made in the fourth quarter of the financial year.

Other income

Variance as a result of the remapping of Management fees from Other income to Agency services.

Interest received - investment

Variance is less than 10%, no reason required.

Cape Winelands District Municipality

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47. Actual operating expenditure versus budgeted operating expenditure (continued)**Revenue from non-exchange transactions****Transfer revenue****Government grants and subsidies**

Variance is less than 10%, no reason required.

Fines, penalties and forfeits

The revenue received from fines, penalties and forfeits are immaterial; hence no provision was made.

Expenditure**Employee related costs**

Variance is less than 10%, no reason required.

Remuneration of councillors

Variance is less than 10%, no reason required.

Depreciation and amortisation

The changes in accounting estimates after the assessment at year end led to a saving in depreciation.

Debt impairment

The municipality's interpretation was that the bad debt as indicated by the collector agency will not be written off in the 2017/2018 financial year. Due to the subsequent event interpretation the bad debt provision had to be recognised as bad debt written off.

Finance cost

No responsive bids were received in respect of cellular phone contracts.

Lease rentals on operating lease

Installation was delayed and payment claims from the service provider were subsequently delayed as well. Provision was made in respect of the rental of the telephone installation units to accommodate payment of the lease period at that time; hence the variance.

Bad debt written off

Bad debt written off was not budgeted for as the write off was not approved in the 2017/2018 financial year. The municipality however had to recognise the expenditure as a subsequent event as Council only approved the write off on 26 July 2018.

Contracted services

Various projects relating to alien clearing, construction, integrated transport planning, building and equipment maintenance, legal services and other reflect a saving at year end. VAT claimed on contracted services further added to this underspending.

Transfers and subsidies

Variance is less than 10%, no reason required.

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47. Actual operating expenditure versus budgeted operating expenditure (continued)

General expenses

Variance is less than 10%, no reason required.

Loss on disposal of assets and liabilities

Variance is less than 10%, no reason required.

Inventories losses / write downs

At the time that the final budget is approved it is not known which inventory will be written off at year end.

47.3 Cash Flow Statement

Sale of goods and services

Refer to reason provided above for the Statement of financial performance.

Grants

Variance is less than 10%, no reason required.

Interest income

The provision for accrued interest was taken into account with the budget process.

Employee cost

A large portion of the variance relating to employee related costs is due to interest allocated in respect of future liabilities and service cost. These items relate to the medical aid liabilities that is a non-cash item.

Suppliers

Saving realised as a result of variances elaborated on above.

Other payments: remuneration to councillors

Variance is less than 10%, no reason required.

Proceeds from sale of property, plant and equipment

At the time that the final budget is approved it is not known which assets will be disposed at year end.

Purchase of property, plant and equipment

Variance is less than 10%, no reason required, however the Municipality elected to disclose the reason for this variance as it relates to property, plant and equipment. The Municipality did not spend +- R 2 000 000 of its capital budget as planned. Savings as a result of VAT input claimed on acquisitions also contributed to the variance.

Purchase of other intangible assets

Items appropriated for as intangible assets did not meet the nature thereof and the acquisition was made against the relevant operational expenditure items.

Finance lease payments

No responsive bids were received in respect of cellular phone contracts..

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48. Capital commitments

Approved and contracted for

Property, plant and equipment (Buildings)

461 681

Total capital commitments

461 681

The upgrading of personnel quarters at the Stellenbosch Fire Station was not completed at 30 June 2018 (T2017/046). Due to operational challenges experienced, the contractor could not complete the upgrade within the specified timeframes.

49. Events after reporting date

Events were identified subsequent to the reporting date but prior to the date when the financial statements were authorised for issue that had an adjusting effect on other receivables from exchange transactions and provisions. The adjustment amounts were included in other receivables from exchange transactions note 31.2 and provisions note 41. The additional amount included in the note to other receivables from exchange transactions relating to the adjusting event amounted to R5 825 (2016: R67 606). The additional amount included in the note to provisions relating to the adjusting event amounted to R21 620 (2016: R79 564).

DC2 Cape Winelands DM - Reconciliation of Table A1 Budget Summary

Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	-	-	-	-	-	-	-	-	-	-	-	-
Service charges	200	(200)	-	-	-	-	-	-	-	-	-	-
Investment revenue	52 000	(150)	51 850	51 928	-	78	100,2%	98,9%	-	-	-	-
Transfers recognised - operational	230 857	1 880	232 737	230 434	-	(2 303)	98,1%	98,8%	-	-	-	-
Other own revenue	118 798	863	119 661	99 443	-	(20 218)	83,2%	83,7%	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	401 643	2 182	403 825	381 804		(22 021)	94,8%	95,1%				
Employee costs	201 798	103	201 901	185 398	-	(16 411)	91,9%	91,9%	-	-	-	-
Remuneration of councillors	11 042	441	11 483	11 363	-	(120)	98,0%	102,9%	-	-	-	-
Debt interest	2 476	(1 106)	1 370	70	-	(1 300)	5,1%	2,8%	-	-	-	-
Depreciation & asset impairment	11 056	597	11 653	10 321	-	(1 333)	88,6%	83,4%	-	-	-	-
Finance charges	11	(5)	6	0	-	(6)	0,0%	0,0%	-	-	-	-
Materials and bulk purchases	21 290	(462)	20 828	20 654	-	(174)	98,4%	94,2%	-	-	-	-
Travel and grants	8 250	6 185	14 435	12 806	-	(1 629)	88,7%	163,8%	-	-	-	-
Other expenditure	145 812	(5 527)	140 285	121 108	-	(19 177)	86,3%	83,1%	-	-	-	-
Total Expenditure	401 643	205	401 848	381 808		(40 040)	90,0%	90,1%				
Surplus/(Deficit)	-	1 977	1 977	19 996	-	19 996	100,6%	#DIV/0!	-	-	-	-
Transfers recognised - capital	-	(1 987)	(1 987)	(1 885)	-	102	54,9%	#DIV/0!	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	18 111	-	18 111	#DIV/0!	#DIV/0!	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	18 111	-	18 111	#DIV/0!	#DIV/0!	-	-	-	-
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	4 821	(2 835)	1 987	1 885	-	(102)	94,9%	38,1%	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	22 832	(4 458)	18 374	18 385	-	(1 040)	89,4%	71,0%	-	-	-	-
Total sources of capital funds	27 644	(7 324)	20 320	18 270		(2 050)	89,0%	66,1%				
Cash Flows												
Net cash from (used) operating	13 583	(185)	13 377	41 745	-	28 368	312,1%	307,8%	-	-	-	-
Net cash from (used) investing	(27 844)	7 524	(20 320)	(17 638)	-	(2 682)	87,8%	64,5%	-	-	-	-
Net cash from (used) financing	-	-	-	(4)	-	(4)	#DIV/0!	#DIV/0!	-	-	-	-
Cash/cash equivalents at the year end	555 803	7 138	562 941	616 034	-	53 093	105,3%	110,8%	-	-	-	-

DC2 Cape Winelands DM - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.e. MFMA s29)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
<i>Governance and administration</i>	278 894	2 071	278 965	277 811		(1 154)	99,8%	100,3%				
Executive and council	52 886	130	54 076	54 132		56	100,1%	100,5%				
Budget and treasury office	222 464	742	223 236	222 594		(641)	99,7%	100,0%				
Corporate services	514	1 136	1 653	1 084		(569)	65,6%	210,8%				
<i>Community and public safety</i>	5 707	101	5 808	6 081		273	104,7%	106,8%				
Community and social services	74	-	74	62		(12)	83,8%	83,8%				
Sport and recreation	-	-	-	-		-	-	-				
Public safety	1 000	33	968	871		(127)	87,9%	87,1%				
Housing	4 382	1	4 384	4 588		184	104,2%	104,2%				
Health	250	103	353	590		228	164,0%	232,1%				
<i>Economic and environmental services</i>	118 882	20	119 012	97 813		(21 199)	82,3%	82,3%				
Planning and development	377	-	377	210		(167)	55,8%	55,8%				
Road transport	114 750	20	114 800	98 604		(17 677)	84,5%	84,5%				
Environmental protection	4 355	-	4 355	1 000		(3 256)	25,2%	25,2%				
<i>Trading services</i>	-	-	-	-		-	-	-				
Electricity	-	-	-	-		-	-	-				
Water	-	-	-	-		-	-	-				
Waste water management	-	-	-	-		-	-	-				
Waste management	-	-	-	-		-	-	-				
Other	50	-	50	46		(4)	91,8%	91,8%				
Total Revenue - Standard	401 643	2 192	403 835	381 850		(21 985)	94,8%	95,1%				
Expenditure - Standard												
<i>Governance and administration</i>	136 841	(27 783)	108 858	88 703	(10 168)	(10 156)	80,7%	72,2%				
Executive and council	27 468	(4 371)	33 087	28 988	(4 101)	(4 101)	87,6%	77,4%				
Budget and treasury office	21 160	5 833	26 783	24 675	(2 118)	(2 118)	92,1%	116,6%				
Corporate services	78 023	(29 345)	48 978	45 042	(3 937)	(3 937)	92,0%	57,7%				
<i>Community and public safety</i>	125 912	19 426	145 338	136 648	(6 692)	(6 692)	94,4%	110,1%				
Community and social services	13 040	2 566	15 389	15 311	(1 087)	(1 087)	93,4%	110,6%				
Sport and recreation	-	-	-	-		-	-	-				
Public safety	58 679	7 807	69 679	65 432	(1 247)	(1 247)	98,1%	111,1%				
Housing	18 214	5 534	21 848	19 326	(2 522)	(2 522)	88,5%	116,2%				
Health	35 958	3 427	40 412	38 578	(1 836)	(1 836)	95,5%	104,3%				
<i>Economic and environmental services</i>	131 580	8 915	140 695	117 889	(22 107)	(22 107)	84,2%	88,7%				
Planning and development	10 305	314	11 209	6 779	(1 490)	(1 490)	60,6%	66,3%				
Road transport	114 958	8 212	123 170	105 504	(17 666)	(17 666)	85,7%	91,8%				
Environmental protection	5 666	(11)	5 656	2 708	(2 851)	(2 851)	47,8%	47,7%				
<i>Trading services</i>	-	-	-	-		-	-	-				
Electricity	-	-	-	-		-	-	-				
Water	-	-	-	-		-	-	-				
Waste water management	-	-	-	-		-	-	-				
Waste management	-	-	-	-		-	-	-				
Other	7 810	47	7 557	6 517	(1 040)	(1 040)	86,2%	86,8%				
Total Expenditure - Standard	401 843	205	401 848	361 854	(39 994)	(39 994)	90,0%	90,1%				
Surplus/(Deficit) for the year	-	1 967	1 987	19 996	18 009	18 009	100,6%	90,0%				

DC2 Cape Winelands DM - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2017/18								2016/17			
	Original Budget	Budget Adjustments (I/o MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	4 782	--	4 782	1 355		(3 427)	28,3%	28,3%				
Vote 2 - COMM AND DEV	1 250	100	1 350	1 451		101	107,5%	116,1%				
Vote 3 - ENGINEERING	5 418	--	5 418	4 888		(522)	90,4%	90,4%				
Vote 4 - RURAL AND SOCIAL	74	--	74	82		(12)	83,9%	83,9%				
Vote 5 - OFFICE OF THE MM	--	438	438	--		(438)	--	--				
Vote 6 - FINANCIAL SERVICES	222 484	742	223 226	222 584		(641)	99,7%	100,0%				
Vote 7 - CORPORATE SERVICES	54 285	894	55 179	55 081		(78)	99,8%	101,5%				
Vote 8 - ROADS AGENCY	113 360	20	113 380	88 411		(18 969)	85,0%	85,0%				
Vote 9 - TASK	--	--	--	--		--	--	--				
Vote 10 - HEALTH AGENCY	--	--	--	--		--	--	--				
Vote 11 - CORPORATE SERVICES	--	--	--	--		--	--	--				
Example 12 - Vote12	--	--	--	--		--	--	--				
Example 13 - Vote13	--	--	--	--		--	--	--				
Example 14 - Vote14	--	--	--	--		--	--	--				
Example 15 - Vote15	--	--	--	--		--	--	--				
Total Revenue by Vote	401 843	2 182	403 835	381 850		(21 885)	94,6%	95,1%				
Expenditure by Vote to be appropriated												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	25 470	(868)	24 482	18 002		(6 480)	77,6%	74,8%				
Vote 2 - COMM AND DEV	104 809	2 481	107 091	104 185		(2 906)	97,3%	98,8%				
Vote 3 - ENGINEERING	50 637	(2 509)	48 132	43 194		(4 938)	89,7%	85,3%				
Vote 4 - RURAL AND SOCIAL	16 525	(128)	16 399	15 311		(1 087)	83,4%	82,7%				
Vote 5 - OFFICE OF THE MM	13 406	948	14 354	12 174		(2 180)	84,8%	80,8%				
Vote 6 - FINANCIAL SERVICES	25 308	1 485	26 793	24 675		(2 118)	92,1%	87,8%				
Vote 7 - CORPORATE SERVICES	43 366	1 798	45 164	40 528		(4 638)	89,7%	93,4%				
Vote 8 - ROADS AGENCY	113 360	(2 213)	111 148	95 326		(15 822)	85,8%	84,1%				
Vote 9 - TASK	--	--	--	--		--	--	--				
Vote 10 - HEALTH AGENCY	--	--	--	--		--	--	--				
Vote 11 - CORPORATE SERVICES	8 631	(645)	8 286	7 481		(805)	90,0%	83,5%				
Example 12 - Vote12	--	--	--	--		--	--	--				
Example 13 - Vote13	--	--	--	--		--	--	--				
Example 14 - Vote14	--	--	--	--		--	--	--				
Example 15 - Vote15	--	--	--	--		--	--	--				
Total Expenditure by Vote	401 643	205	401 848	361 854		(39 994)	90,0%	90,1%				
Surplus/(Deficit) for the year	--	1 987	1 987	19 996		78 009	100,6%	100,6%				

DC2 Cape Winelands DM - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description:	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorized expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other	200	(209)	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	431	(1)	130	124	-	(6)	95,3%	84,6%	-	-	-	-
Interest earned - external investments	52 060	(150)	51 850	51 928	-	78	100,2%	96,9%	-	-	-	-
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	3	3	2	-	(1)	80,0%	#DIV/0!	-	-	-	-
Licences and permits	250	100	350	578	-	228	165,2%	231,3%	-	-	-	-
Agency services	117 892	(357)	117 836	97 720	-	(19 916)	83,1%	82,6%	-	-	-	-
Transfers recognised - operational	230 657	1 880	232 537	230 434	-	(2 104)	99,1%	99,9%	-	-	-	-
Other revenue	415	917	1 330	1 018	-	(312)	76,6%	248,7%	-	-	-	-
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	401 843	2 182	403 835	381 804		(22 031)	94,5%	95,1%				
Expenditure By Type												
Employee related costs	201 708	103	201 808	185 386	-	(16 411)	91,9%	91,9%	-	-	-	-
Remuneration of councillors	11 042	441	11 483	11 363	-	(120)	98,0%	102,9%	-	-	-	-
Debt impairment	2 478	(1 106)	1 370	70	-	(1 300)	5,1%	2,8%	-	-	-	-
Depreciation & asset impairment	11 058	597	11 653	10 321	-	(1 333)	88,6%	83,4%	-	-	-	-
Fines charges	11	(6)	6	0	-	(6)	1,5%	0,8%	-	-	-	-
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	21 290	(682)	20 608	20 054	-	(554)	98,4%	94,2%	-	-	-	-
Contracted services	69 190	(6 251)	60 940	50 124	-	(10 816)	82,3%	72,4%	-	-	-	-
Transfers and grants	8 250	6 185	14 435	13 468	-	(967)	93,3%	163,6%	-	-	-	-
Other expenditure	76 601	(6 864)	70 037	62 102	-	(7 935)	88,7%	81,1%	-	-	-	-
Loss on disposal of PPE	20	9 287	9 307	8 881	-	(426)	95,4%	446,7,3%	-	-	-	-
Total Expenditure	401 843	205	401 848	381 808		(40 040)	90,0%	90,1%				
Surplus/(Deficit)												
Transfers recognised - capital	-	1 987	1 987	19 986	-	18 009	1008,6%	#DIV/0!	-	-	-	-
Contributions recognised - capital	-	(1 987)	(1 987)	(1 865)	-	101	94,9%	#DIV/0!	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions				18 111		18 111	#DIV/0!	#DIV/0!				
Taxation	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation				18 111		18 111	#DIV/0!	#DIV/0!				
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality				18 111		18 111	#DIV/0!	#DIV/0!				
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year				18 111		18 111	#DIV/0!	#DIV/0!				

DC2 Capex MPRs by DM - Reconciliation of Table AS Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2017/18						2016/17					
	Original Budget	Total Budget Adjustments (i.e. MPRs etc)	Final adjusted budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 23 of MPRs	Differences to be recovered	Revised Actual Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - ECONOMIC DEVELOPMENT AND PLANNING												
Vote 2 - COMMUNITY		5 331	5 257	5 695		(481)	85%	#D1200				
Vote 3 - ENGINEERING		5 097	5 097	4 987		(1 424)	77%	#D1200				
Vote 4 - FINANCIAL SERVICES												
Vote 5 - FIRE AND SAFETY		82	82	82		0	100%	#D1200				
Vote 6 - FINANCIAL SERVICES		13	13	13		0	100%	#D1200				
Vote 7 - COMMUNITY SERVICES		2 184	2 184	2 182		(2)	99%	#D1200				
Vote 8 - FINANCIAL SERVICES		1 147	1 147	1 088		(58)	95%	#D1200				
Vote 9 - TRANSPORT												
Vote 10 - HEALTH AND SOCIAL CARE												
Vote 11 - COMMUNITY SERVICES												
Vote 12 - TRANSPORT												
Vote 13 - TRANSPORT												
Vote 14 - TRANSPORT												
Vote 15 - TRANSPORT												
Capital single-year expenditure		18 863	18 863	18 874		(2 029)	89%	#D1200				
Single-year expenditure												
Vote 1 - ECONOMIC DEVELOPMENT AND PLANNING		320	(320)	274		274	100%	81%				
Vote 2 - COMMUNITY		7 806	(7 806)	6		6	100%	0%				
Vote 3 - ENGINEERING		5 097	(5 097)	46		46	100%	0%				
Vote 4 - FINANCIAL SERVICES		2		6		3	85%	44%				
Vote 5 - FIRE AND SAFETY		210	(210)									
Vote 6 - FINANCIAL SERVICES		210	161	271		260	89%	180%				
Vote 7 - COMMUNITY SERVICES		2 538	(2 538)	1		1	100%	0%				
Vote 8 - FINANCIAL SERVICES		4 871	(4 871)									
Vote 9 - TRANSPORT												
Vote 10 - HEALTH AND SOCIAL CARE												
Vote 11 - COMMUNITY SERVICES		871	(871)	715		14	100%	84%				
Vote 12 - TRANSPORT												
Vote 13 - TRANSPORT												
Vote 14 - TRANSPORT												
Vote 15 - TRANSPORT												
Capital single-year expenditure	27 644	(28 224)	1 418	1 586		(227)	89%	85%				
Total Capital Expenditure - Vote	27 644	(27 521)	20 286	18 270		(2 029)	86%	83%				
Capital Expenditure - Standard												
Government and administration	12 800	(12 800)	9 486	9 034		(1 490)	88%	89%				
Executive and council	230	(230)	790	700		(90)	100%	83%				
Budget and treasury office	719	(719)	344	385		(19)	89%	174%				
Corporate services	1 610	(1 610)	8 406	8 879		(1 497)	93%	89%				
Community and public safety	8 864	(8 864)	9 388	9 876		(488)	89%	94%				
Community and social services	7	(7)	5	3		(2)	85%	44%				
Sport and recreation												
Public safety	8 874	(8 874)	9 388	9 860		(488)	89%	90%				
Housing												
Health	23	(23)	29	22		(7)	82%	71%				
Environment and environmental services	4 821	(4 821)	1 187	1 086		(101)	91%	33%				
Planning and development	4 821	(4 821)	1 187	1 086		(101)	91%	25%				
Road transport												
Environmental protection												
Energy services												
Electricity												
Water												
Waste water management												
Waste management												
Other	300	(300)	374	374			100%	81%				
Total Capital Expenditure - Standard	27 644	(27 521)	20 286	18 270		(2 029)	86%	83%				
Funded, Inc.												
National Government												
Provincial Government	4 821	(4 821)	1 087	1 086		(1)	95%	99%				
District Municipality												
Other transfers and grants												
Transfers received - capital	4 821	(4 821)	1 087	1 086		(1)	95%	99%				
Public contributions & donations												
Borrowing												
Internally generated funds	22 823	(22 823)	18 234	17 964		(269)	89%	79%				
Total Capital Funding	27 644	(27 521)	20 286	18 270		(2 029)	86%	83%				

DC2 Cape Winelands DM - Reconciliation of Table A7 Budgeted Cash Flows

Description	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	118 988	462	119 448	99 321	(20 127)	83,2%	83,5%	
Government - operating	230 857	(105)	230 551	228 548	(2 002)	99,1%	99,1%	
Government - capital	-	1 987	1 987	1 885	(101)	94,9%	#DIV/0!	
Interest	52 000	(150)	51 850	42 739	(9 111)	82,4%	82,2%	
Dividends	-	-	-	-	-	-	-	
Payments								
Suppliers and employees	(379 830)	:911)	(380 742)	(330 749)	49 993	86,9%	87,1%	
Finance charges	-	(8)	(8)	-	8	-	-	
Transfers and Grants	(8 250)	(1 459)	(9 709)	-	9 709	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	13 583	(186)	13 377	41 745	28 368	312,1%	307,8%	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	432	432	#DIV/0!	#DIV/0!	
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	
Payments								
Capital assets	(27 644)	7 324	(20 320)	(18 270)	2 050	89,9%	86,1%	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(27 644)	7 324	(20 320)	(17 838)	2 482	87,8%	64,5%	-
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	
Payments								
Repayment of borrowing	-	-	-	(4)	(4)	#DIV/0!	#DIV/0!	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	(4)	(4)	#DIV/0!	#DIV/0!	-
NET INCREASE/ (DECREASE) IN CASH HELD	(14 081)	7 138	(6 943)	23 904				-
Cash/cash equivalents at the year begin:	589 984	-	582 131	582 131				
Cash/cash equivalents at the year end:	555 903	7 138	585 187	616 034	30 847	105,3%	110,8%	

Mayoral Bursary Allocation to Relatives of Employees		
<p>Relatives of employees of CWDM were not awarded bursaries to assist with the funding of tertiary studies in the 2017/2018 financial year.</p> <p>Relatives of the employees of CWDM were awarded bursaries to assist with funding of tertiary studies. Bursaries were awarded in accordance with the terms and conditions as set out in the CWDM Mayoral Bursary Fund Policy in the 2016/2017 financial year.</p>		
	2018	2017
WM Neethling	R -	R 89 701
RWB van Wyk	R -	R 40 000
LP Woolward	R -	R 9 650
EA Niemand	R -	R 40 000
VR de Wee	R -	R 25 076

Annexure C

Disclosure of benefits in terms of the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000), schedule 1.5(2) and schedule 2.5(1), in respect of business associations

In terms of Schedule 1.5(2) A councillor who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefits from a contract concluded with the municipality, must disclose full particulars of the benefit which the councillor is aware at the first meeting of the municipal council at which it is possible for the councillor to make disclosure; and

In terms of Schedule 2.5(1) A staff member of a municipality who, or whose spouse, partner, business associate or close family member, acquired or stands to acquire any direct benefit from a contract concluded with the municipality, must disclose in writing full particulars of the benefit to the council.

SUPPLIER	RELATIONSHIP	DETAIL (INDIRECT RELATION)	THIRD PARTY CONNECTION	2018	2017
MEYER ELECTRICAL AND CONSTRUCTION	Business Associate	Cllr. P Marran - Breede Valley	BMMX Trading Proprietary Limited	-	1 647 734
				-	1 647 734

Councillor P. Marran indicated in his annual declaration of interest that he holds shares in BMMX Proprietary Limited and is a director of the said company. Councillor Marran has a business associate in BMMX Proprietary Limited who has interest in Meyer Electrical and Construction who in turn is a supplier of the Cape Winelands District Municipality. Cognisance must be taken of the fact that the said Councillor does not have a direct relationship with the Municipality's supplier.

Necessary internal controls are implemented to consider the possibility, and to assess the likelihood, that a relationship between the key management and councillors of the Municipality and related parties of suppliers with whom the Municipality does business with would be able to influence a contract concluded by the Municipality in their mutual dealings, as envisaged in Schedules 1 par.5(2) and 2 par. 5(1) of the Municipal Systems Act.

CHAPTER 8: AUDIT COMMITTEE REPORT

Refer to attached report

*Cape Winelands
District Municipality*

Audit Committee:

ANNUAL REPORT

**For the year ended
30 June 2018**



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REPORT BY THE CHAIRPERSON OF THE CWDM AUDIT AND PERFORMANCE COMMITTEE (THE COMMITTEE) FOR THE YEAR ENDED 30 JUNE 2018.

1. INTRODUCTION

The Audit and Performance Committee consists of four independent members who are all suitably qualified and financially literate and who have a good understanding of performance and risk management. The Committee meets at least four times per annum as per The Committee terms of reference.

The Audit and Performance Committee consists of:

Name of member	Meetings attended
Ms R. Gani	6 (Re-appointed as chair 1 February 2018)
Mr CP Clacher	3 (Appointed from 1 February 2015 term ended 31 January 2018)
Advocate M Mdludlu	6 (Re-appointed from 1 February 2018)
Ms M Bond-Smith	6 (Appointed from 1 June 2016)
Mr M Grobler	1 (Appointed from 1 February 2018)

Members attended all Audit and Performance Committee meetings.

2. BACKGROUND

The Committee is a statutory body whose duties and responsibilities are delegated to it by Council. These duties and responsibilities are articulated in The Committee Charter which was approved by Council in compliance with the Municipal Finance Management Act (MFMA).

The overall objective of the committee is to assist the Council in discharging its duties relating to, amongst others, the safeguarding of assets, the operation of adequate internal controls and systems, ensuring that adequate financial accounting controls and processes exist, the annual financial statements, as well as overseeing that statutory and regulatory requirements are met on an on-going basis.

The Audit Committee also served as the Performance Committee of the Cape Winelands District Municipality and in that respect evaluates and approves the quarterly reports from Internal Audit on performance as prescribed by legislation.

The Head of Internal Audit attended and reported at all quarterly meetings of the Audit and Performance Committee. The Cape Winelands District Municipality's risk management function, performance management function and ICT function were also represented at all committee meetings.

Executive Directors attended all meetings. National and Provincial Treasury and the Auditor-General have a standing invitation to all committee meetings.

The Audit Committee wants to congratulate the Cape Winelands District Municipality on their clean audit.

3. DUTIES PERFORMED

During the financial year ended 30 June 2018, the Audit and Performance Committee convened six times to discharge its statutory responsibilities. As an overview only, and not to be regarded as an exhaustive list, the committee carried out the following duties:

3.1 ANNUAL FINANCIAL STATEMENTS

3.1.1 The annual financial statements for the year ended 30 June 2018 were reviewed by the Audit and Performance Committee on 28 August 2018.

3.2 ANNUAL REPORT

In addition to the annual financial statements, the draft Annual Reports for the year ended 30 June 2018 was send to the Audit and Performance Committee for review in September 2018 and to submit any comment.

The draft annual performance management report was submitted to the Audit and Performance Committee for review on 28 August 2018

The Annual Report for 2016/2017 demonstrates the municipality's ability to report on all aspects of performance for the aforementioned periods.

3.3 EFFECTIVENESS OF INTERNAL AUDIT FUNCTION

The Head of Internal Audit has a responsibility to the Audit and Performance Committee and has direct access to members of The Committee as well as the Chairperson of The Committee. The Head of Internal Audit reports functionally to the Chairperson of The Audit Committee and administratively to the Municipal Manager.

The Committee:

- Reviewed and approved the internal audit annual risk based audit plan for the 2018/2019 financial year and verified that it addressed the full spectrum of risk that was identify during the risk assessment that was completed in May 2018;
- Evaluated the independence, effectiveness and performance of the internal audit function and that the internal audit function has the necessary resources, standing and authority in the organization to discharge its duties which was found to be satisfactory;
- Reviewed and considered the quarterly reports from the Head of Internal Audit in respect of the progress made on the annual audit plan and of findings from internal control reviews;
- Reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto;
- Reviewed and approved twelve audit reports;
 - Supply Chain Management
 - Governance review
 - DORA review
 - MFMA Compliance review
 - Asset Management
 - Budgetary Control

 - OHASA review
 - Fleet Management

- ICT
- OHASA Follow-Up review
- Annual Stock take for Auditor-General
- Risk Management
- The planned audits for 2017/2018 were completed in a satisfactory manner.
- In this regard the Audit and Performance Committee wishes to express its appreciation to the internal audit team.

All Internal Audit posts were full during the 2017/2018 financial year.

Two Interns were appointed in the Internal Audit section from 1 March 2018 until 28 February 2020.

3.4 PERFORMANCE MANAGEMENT

The Audit and Performance Committee is satisfied that the municipality was in compliance with all statutory requirements and performance management best practices and standards.

- The Audit and Performance Committee reviewed and is satisfied that there is alignment of the Integrated Development Plan, the Budget, Service Delivery and Budget Implementation Plan and performance agreements.
- Performance indicators and targets which relate to strategic objectives are specific, measurable, achievable and relevant.
- The quarterly performance management audits were done by the Cape Winelands District Municipality's internal audit function and submitted to the Committee.
- In total, four quarterly Performance Management System reports were submitted to the Audit and Performance Committee for approval.
- Reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto.
- Internal Audit made one process improvement recommendation on evidence that was supplied which were not actually smart and therefor it was changed that the actual documents which were submitted to the municipality be uploaded on the performance system

3.5 RISK MANAGEMENT

The Audit and Performance Committee is responsible for determining the nature and extent of the significant risks the Cape Winelands District Municipality's has to manage in order to achieve its strategic objectives.

The committee:

- Reviewed and ensured that the Internal Audit Plan is aligned to the risk profile of the CWDM;
- Reviewed the Fraud And Risk Management Committee's quarterly reports;
- Reviewed the Fraud and Risk Committee's charter that has been approved by Council.

- The committee fulfilled an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.
- Reviewed the amended fraud policy prior to submission for approval to Council.
- Reviewed the 2017/2018 financial year risk register which include the combined assurance plan.

The Audit and Performance Committee is satisfied with the effectiveness of the risk management processes and systems through the Fraud and Risk Management Committee (FARMCO) which was establishment and is functional. Identified risks were mitigated to the acceptable level. Monthly monitoring reports are submitted to Management.

The Deputy Director Risk and Performance was appointed as Director: IDP Performance and Risk from December 2016 and the new Deputy Director Risk and Performance was appointed on 1 October 2017. The Chief Audit Executive assist the Director: IDP Performance and Risk during the time that there were no Deputy Director Risk and Performance.

3.6 INTERNAL CONTROL

The Audit and Performance Committee provided an objective overview of the operational effectiveness of the Cape Winelands District Municipality's systems of internal control.

From the various reports of the internal audit unit, the reports on the annual financial statements by the Auditor-General and the Auditor-General's management report, it was noted that no matters were reported that indicated any material deficiencies in the system of internal controls or any deviations there from.

3.7 EFFECTIVENESS OF GOVERNANCE

The Audit and Performance Committee reviewed the performance report of the municipality and the Audit and Performance Committee is satisfied with effectiveness of governance on the basis that performance of Senior Managers was assessed during the year.

3.8 IT GOVERNANCE

The Audit and Performance Committee is responsible as an independent advisory body to advice on Information and Technology matters and is closely monitoring the progress and implementation of the Municipal Corporate Governance of Information and Communication Technology Framework.

The Audit and Performance Committee also reviewed the ICT Committee's quarterly reports.

The ICT Manager reports to the Audit and Performance Committee on a quarterly basis on the progress that has been made on the Auditor-General and Internal Audit findings.

3.9 COMBINED ASSURANCE FRAMEWORK

Formal engagements occurred between the Audit and Performance Committee,

Management, Council, Internal Audit and the Auditor-General during the year. These engagements continue to be regularized and developed in order to strengthen and enhance the combined assurance model of the municipality.

The combined assurance framework was approved by the Audit and Performance Committee for the 2018/2019 financial year.

4. AUDITOR-GENERAL

The Audit and Performance Committee has met with the Auditor-General to discuss the audit plan, strategy and presentation of their draft audit report for the 2017/2018 financial year.

The Audit and Performance Committee concurs with and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements and the reported predetermined objectives be accepted and read together with the report of the Auditor-General.

The Audit and Performance Committee will monitor the progress and implementation of the recommendations made by the Auditor-General to management.

The Audit and Performance Committee hereby congratulate the Council on their 5th clean audit.



Chairperson: Audit and Performance Committee

10 December 2018

CHAPTER 9: OVERSIGHT REPORT AND COUNCIL APPROVAL

To be attached when completed in February/March 2019

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give " <i>full and regular</i> " reports on the matters under their control to parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and annual reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe " <i>what we do</i> ".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the MFMA. Such report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved budget	An approved budget means an annual budget that has been approved by Council and includes such annual budget as revised by an adjustment budget in terms of Section 28 of the MFMA.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided, it may endanger public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General KPIs	After consultation with MECs for local government, the minister may prescribe general KPIs that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are " <i>what we use to do the work</i> ". They include finances, personnel, equipment and buildings.
IDP	Set out municipal goals and development plans.
National key performance areas	Service delivery and infrastructure; Economic development; Municipal transformation and institutional development; Financial viability and management, and Good governance and community participation.
Outcomes	The medium-term results for specific beneficiaries that are the consequence of

	achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are " <i>what we wish to achieve</i> ".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as " <i>what we produce or deliver</i> ". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunisation, or a service such as processing an application) that contributes to the achievement of a key result area.
Performance indicator	Indicators should be specified to measure performance in relation to input, activities, output, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
Performance information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance standards	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service level agreements.
Performance targets	The level of performance that municipalities and its employees strive to achieve. Performance targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
SDBIP	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <ul style="list-style-type: none"> (a) <i>one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> (b) <i>which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.</i>

APPENDICES

The information as set out in the appendices to the annual report is prescribed by MFMA Circular 63 to ensure that the annual report complies with the requirements of various legislation.

APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

1 JULY 2017 TO 30 JUNE 2018

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE				
Council Members	Fulltime (FT)/ Part-time (PT)	Committees allocated	Ward and/or party represented	Council meetings attended (12 meetings held for the financial year)
Cllr MM Adriaanse	PT	Municipal Public Accounts Committee (Alternate)	DA	11
Cllr RB Arnolds (until 12 April 2018)	PT	None	DA	2 (7 meetings)
Cllr WM Blom	PT	Ambassador for Persons with Disabilities	DA	12
Cllr GJ Carinus	FT	Mayoral Committee Local Labour Forum	DA	10
Cllr A Crombie	PT	Local Labour Forum (Alternate)	DA	12
Cllr C Damens	PT	None	DA	12
Cllr P Daniëls	PT	Municipal Public Accounts Committee (Alternate)	DA	12
Cllr JJ du Plessis	FT	Mayoral Committee Annual Performance Evaluation Panel (Managers directly accountable to the Municipal Manager)	DA	9
Cllr R du Toit	PT	Municipal Public Accounts Committee Training Committee (Alternate)	DA	10
Cllr GJ Fredericks	PT	Municipal Public Accounts Committee	DA	12

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE				
Council Members	Fulltime (FT)/ Part-time (PT)	Committees allocated	Ward and/or party represented	Council meetings attended (12 meetings held for the financial year)
Cllr A Florence	FT	Mayoral Committee	DA	11
Cllr E Gouws	PT	None	DA	12
Cllr P Hess	PT	Municipal Public Accounts Committee (Alternate)	DA	11
Cllr X Kalipa	PT	Municipal Public Accounts Committee	DA	12
Cllr MT Klaas	PT	Training Committee (Alternate)	EFF	8
Cllr L Landu (Chief Whip)	FT	Mayoral Committee Rules Committee	DA	10
Cllr NS Louw	PT	Local Labour Forum (Alternate) Municipal Public Accounts Committee	DA	12
Cllr SS Magqazana	PT	Municipal Public Accounts Committee	DA	11
Cllr P Marran	PT	None	ANC	7
Masoka ZL (from 14 May 2018)	PT	None	DA	2 (2 meetings)
Cllr ESC Matjan	PT	Municipal Public Accounts Committee	DA	11
Cllr C Meyer (Speaker)	FT	Rules Committee	DA	12
Cllr JS Mouton	PT	Municipal Public Accounts Committee (Alternate)	ANC	10
Cllr RS Nalumango	PT	None	ANC	9
Cllr LW Niehaus	FT	Mayoral Committee	DA	11
Cllr BB Ntshingila	PT	Municipal Public Accounts Committee Rules Committee	ANC	11

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE				
Council Members	Fulitime (FT)/ Part-time (PT)	Committees allocated	Ward and/or party represented	Council meetings attended (12 meetings held for the financial year)
Cllr E Qhankqiso	PT	Municipal Public Accounts Committee (Alternate)	DA	8
Cllr PC Ramokhabi	FT	Mayoral Committee; Training Committee; Local Labour Forum	DA	11
Cllr SC Rens	PT	Municipal Public Accounts Committee (Alternate)	ANC	9
Cllr LS Sambokwe	PT	Local Labour Forum (Alternate)	ANC	12
Cllr JW Schuurman	PT	Local Labour Forum	ANC	11
Cllr AJ Shibili	PT	None	ANC	10
Cllr LN Siwakamisa	PT	Municipal Public Accounts Committee	ANC	11
Cllr DRA Snyders	PT	Training Committee; Rules Committee	EFF	10
Cllr C Steyn	PT	Municipal Public Accounts Committee (Alternate)	DA	11
Cllr D Swart (Deputy Executive Mayor)	FT	Mayoral Committee	DA	9
Cllr N Tetana	PT	Municipal Public Accounts Committee (Alternate)	ANC	7
Cllr JJ van Rooyen	PT	Municipal Public Accounts Committee	ANC	9
Cllr JDF van Zyl	FT	Mayoral Committee	DA	12
Cllr W Vrolick	PT	Municipal Public Accounts Committee (Alternate)	DA	10
Cllr (Dr) H von Schlicht (Executive Mayor)	FT	Mayoral Committee Annual Performance Evaluation Panel (Managers directly accountable to the Municipal Manager)	DA	12
Cllr CF Wilskut	PT	Rules Committee	BO	10

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committees	Purpose of Committee
Annual Performance Evaluation Panel (Managers directly accountable to the Municipal Manager)	To evaluate the annual performance of the Managers directly accountable to the Municipal Manager.
Rules Committee	To make recommendations to Council regarding matters affecting the procedures and policies of the Municipal Council and its Councillors.
Training Committee	To develop the workforce in accordance with the National Skills Development Strategy of national government.
Local Labour Forum	To negotiate and/or consult on matters of mutual concern; such matters referred from time to time by Bargaining Council or its divisions; except matters reserved for bargaining in Bargaining Council Divisions
Audit Committee	<p>The Audit Committee is an independent advisory body that must –</p> <p>(a) Advise the Municipal Council, the political office-bearers, the Accounting Officer and the management of the CWDM on matters relating to –</p> <ul style="list-style-type: none"> (i) Internal financial control and internal audits; (ii) Risk management; (iii) Accounting policies; (iv) The adequacy, reliability and accuracy of financial reporting and information; (v) Performance management; (vi) Effective governance; (vii) Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; (viii) Performance evaluation; and (ix) Any other issues referred to it by the municipality. <p>(b) Review the annual financial statements to provide the Council of the CWDM with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;</p> <p>(c) Respond to the Council on any issues raised by the Auditor-General in the audit report;</p> <p>(d) Carry out such investigations into the financial affairs of the CWDM as the Council may request; and</p> <p>(e) Perform such other functions as may be prescribed.</p>

<p>Municipal Public Accounts Committee (MPAC)</p>	<p>The primary Terms of Reference of the MPAC in addition to other relevant functions are as follows :</p> <ul style="list-style-type: none"> (a) Shall not be responsible for policy formulation; (b) May engage directly with the public and consider public comments when received and will be entitled to request documents or evidence from the Accounting Officer; (c) Shall have permanent referral of documents as they become available relating to: <ul style="list-style-type: none"> (i) In-year reports of the CWDM; (ii) Financial statements of the CWDM as part of its oversight process; (iii) Audit opinion, other reports and recommendations from the Audit Committee; (iv) Information relating to compliance in terms of Sections 128 and 133 of the MFMA; (v) Information in respect of any disciplinary action taken in terms of the MFMA where it relates to an item that is serving or has served before it; (vi) Any other audit report of the CWDM; and (vii) Performance information of the CWDM. (d) Shall consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report; (e) In order to assist with the conclusion of matters that may not be finalised, information relating to past recommendations made on the annual report must also be reviewed, relating to current in-year reports, including the quarterly, mid-year and annual reports; (f) Shall examine the financial statements and audit reports of the CWDM and in doing so, consider improvements from previous statements and reports and evaluate the extent to which the Audit Committee's and the Auditor-General's recommendations have been implemented; (g) Shall promote good governance, transparency and accountability on the use of municipal resources; (h) Shall recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the CWDM or the Audit Committee; (i) Shall request the support of both the internal and external auditors in an advisory capacity when necessary; (j) Shall conduct investigations into unauthorised, irregular and/or fruitless and wasteful expenditure in accordance with Section 32(2)(a)(ii) of the MFMA and Regulation 74 of the Municipal Budget and Reporting Regulations, 2008; (k) Shall perform any other functions within its area of responsibility assigned to it through a resolution of Council.
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APPENDIX C – THIRD-TIER ADMINISTRATIVE STRUCTURE

THIRD-TIER STRUCTURE		
Directorate	Position	Name
Office of the Municipal Manager	Director: IDP, Performance and Risk Management	BT Daries
	Chief Audit Executive	R Zeelie
	Deputy Director: Communication Services	EJ Otto
Financial and Strategic Support Services	Director: Budget and Treasury Office	MJ Lesch
	Director: Human Resources	K Smit
	Director: Support Services	EFC Beukes
Community Development and Planning Services	Deputy Director: Local Economic Development	RWB van Wyk
	Senior Manager: Rural and Social Development	G Xawuka
	Deputy Director: Town and Regional Planning	QJ Balie
	Implementation Manager: Working for Water	MJ Paulsen
	Chief Fire Officer	DH Wilds
	Head of Municipal Disaster Management Centre	SP Minnies
	Deputy Director: MHS	HD Boock
Deputy Director: MHS	RJ Humphreys	
Technical Services	Deputy Director: Public Transport	BB Kurtz
	Deputy Director: Projects	C Swart
	Deputy Director: Building Maintenance	TJ Solomon
	Deputy Director: Information Technology	Z Tyala
	Director: Roads	ACA Stevens

APPENDIX D – FUNCTIONS OF MUNICIPALITY

In terms of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998):

FUNCTIONS AND POWERS OF MUNICIPALITIES (ss 83-89)

83 General

- (1) A municipality has the functions and powers assigned to it in terms of Sections 156 and 229 of the Constitution.
- (2) The functions and powers referred to in Subsection (1) must be divided in the case of a district municipality and the local municipalities within the area of the district municipality, as set out in this Chapter.
- (3) A district municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by-
 - (a) ensuring integrated development planning for the district as a whole;
 - (b) promoting bulk infrastructural development and services for the district as a whole;
 - (c) building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking; and
 - (d) promoting the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area.

84 Division of functions and powers between district and local municipalities

- (1) A district municipality has the following functions and powers:
 - (a) Integrated development planning for the district municipality as a whole, including a framework for integrated development plans of all municipalities in the area of the district municipality.
 - (b) Potable water supply systems.
 - (c) Bulk supply of electricity, which includes for the purposes of such supply the transmission, distribution and, where applicable, the generation of electricity.
 - (d) Domestic wastewater and sewage disposal systems.
 - (e) Solid waste disposal sites, in so far as it relates to-
 - (i) the determination of a waste disposal strategy,
 - (ii) the regulation of waste disposal,
 - (iii) the establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.
 - (f) Municipal roads that form an integral part of a road transport system for the area of the district municipality as a whole.
 - (g) Regulation of passenger transport services.
 - (h) Municipal airports serving the area of the district municipality as a whole.
 - (i) Municipal health services.
 - (i) planning, coordination and regulation of fire services;
 - (ii) specialised firefighting services such as mountain, veld and chemical fire services;
 - (iii) coordination of the standardisation of infrastructure, vehicles, equipment and procedures,

- (iv) training of fire officers.
 - (a) The establishment, conduct and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the district.
 - (b) The establishment, conduct and control of cemeteries and crematoria serving the area of a major proportion of municipalities in the district.
 - (c) Promotion of local tourism for the area of the district municipality.
 - (d) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
 - (e) The receipt, allocation and, if applicable, the distribution of grants made to the district municipality.
 - (f) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.
- (2) A local municipality has the functions and powers referred to in Section 83(1), excluding those functions and powers vested in terms of Subsection (1) of this section in the district municipality in whose area it falls.

**APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT AND PERFORMANCE COMMITTEE
2017/2018**

MUNICIPAL AUDIT AND PERFORMANCE COMMITTEE RECOMMENDATIONS		
Date of meeting	Committee recommendations during year	Comments
31/07/2018	That a short report on special investigations / fraud be submitted to the Audit Committee, without disclosing the names of the officials involved.	Short report was submitted to Audit and Performance Committee
31/07/2018	The Information & Communication Technology issues in respect of staffing and infrastructure be placed on the agenda of the next management meeting for discussion	ICT issues were placed on action list.
31/07/2017	An Information and Communication Technology Audit Action Plan with dates be supplied to the Audit Committee at the next Audit Committee meeting.	ICT audit action plan submitted to APC
24/10/2018	The completed Audit Planning Calendar be provided to Audit Committee members.	Planning calendar provided to APC
22/01/2018	An ICT Action Plan on the way forward be provided to Audit Committee members	ICT Action Plan on the way forward provided to APC
7/05/2018	The issue of dual membership of the Audit Committee and FARMCO be considered further on receipt of the legal opinion of the Deputy Director: Legal Services, Ms WM Neethling	Dual membership was sorted out
7/05/2018	Detail of the audit items in respect of the governance audit be provided for information.	Audit item of governance was provided the APC
	A progress report in terms of the IT Governance Framework be provided to the Audit Committee.	ICT Progress report on IT Governance was provided APC

APPENDIX F - DISCLOSURE OF FINANCIAL INTERESTS
COUNCILLORS OF THE CWDM

	Title	Initials	Surname	Name	ID Number	Employee	Y/N
1	Mrs	M M	ADRIAANSE	MIRIAM	5201210023080	20063	Yes
2	Mr	W M	BLOM	WILLEM	6404255047084	20059	Yes
3	Mr	G J	CARINUS	GIDEON	6003025062082	20003	Yes
4	Mrs	A	CROMBIE	ANSAAF	5008110032081	20067	Yes
5	Mr	C	DAMENS	CHARLES	4207245086084	20005	Yes
6	Mr	P	DANIELS	PATRIC	7404085071089	20080	Yes
7	Mr	J J	DU PLESSIS	JACOBUS	4802155026086	20030	Yes
8	Miss	R	DU TOIT	ROZETTE	6412310605085	20071	Yes
9	Mr	A	FLORENCE	ACHMAT	5904015143082	20069	Yes
10	Mr	G J	FREDERICKS	GERRIT	6410205730083	20060	Yes
11	Mrs	E	GOUWS	EVA	5510160068089	20064	Yes
12	Mrs	P	HESS	PAULINE	6410170220086	20065	Yes
13	Mr	X	KALIPA	XOLILE	7011286043088	20018	Yes
14	Mr	M T	KLAAS	MOSES	7203235398081	20070	Yes
15	Miss	L	LANDU	LINDA	8511120390081	20072	Yes
16	Mr	N S	LOUW	NICOLAAS	7604305073084	20078	Yes
17	Mr	S S	MAGQAZANA	SITHEMBISO	6206095328081	20061	Yes
18	Mr	P	MARRAN	PATRICK	7012135246088	20039	Yes
19	Mr	Z L	MASOKA	ZOLANI	7011225621085	20086	Yes
20	Mrs	E S C	MATJAN	EVELYN	6004100184080	20051	Yes
21	Mrs	C	MEYER	CLARA	5309210761086	20023	Yes
22	Mrs	J S	MOUTON	JOHNNEREY	6209080262083	20033	Yes
23	Mrs	R S	NALUMANGO	RONALDA	7809270194084	20079	Yes
24	Mr	L W	NIEHAUS	LODEWYK	6904165003085	20068	Yes
25	Mr	B B	NTSHINGILA	BOY-BOY	6805225484084	20058	Yes
26	Mr	E	QHANKQISO	ERNEST	7707125342082	20057	Yes
27	Miss	P C	RAMOKHABI	PALESA	8310310645085	20073	Yes
28	Mr	S C	RENS	SAMUEL	7207285259085	20085	Yes
29	Miss	L S	SAMBOKWE	LUDIA	7302030495082	20083	Yes
30	Mr	J W	SCHUURMAN	JOHN	5904135122081	20066	Yes
31	Mr	A J	SHIBILI	ANDILE	8012105455080	20081	Yes
32	Mrs	L N	SIWAKAMISA	LIZZIE	6702160409087	20025	Yes
33	Mr	D R A	SNYDERS	DAVID	6003265195089	20062	Yes
34	Mr	C	STEYN	CRAIG	8307115103088	20056	Yes
35	Mr	D	SWART	DIRK	6409305133081	20074	Yes

36	Mrs	N	TETANA	NOMALUNGISA	8011110883088	20084	Yes
37	Mr	J J	VAN ROOYEN	JEAN	6109215217087	20055	Yes
38	Mr	J D F	VAN ZYL	JACOBUS	4101175052085	20075	Yes
39	Dr	H	VON SCHLICHT	HELENA	5507150002086	20044	Yes
40	Mr	W	VROLICK	WILFRED	7101245186084	20077	Yes
41	Mr	C F	WILSKUT	COLIN	6809065321083	20082	Yes

Declarations in terms of the MFMA, Municipal Supply Chain Management Regulation 45. Awards to close family members of persons in the service of the state.

Councillor	Pay No.	Relation: Self / parent / spouse / child / other	Name and position	Name of entity and registration number	Address of entity / person	Date when business was established
Daniels	20080	Spouse	Aurenthia Daniels / Owner	Woodpeakers Ent.	31 7th Avenue, Montana, Wolseley	2002
Du Toit R	20071	Child	J Merrick / Owner	J Mach	City of Cape Town	Feb. 2011

Other aspects

SHARES AND SECURITIES IN ANY COMPANY

Councillor	Pay No.	Company(s) where shares/securities are kept	Nature of shares (e.g. ordinary, preference, etc.)	Number of shares	Nominal value of shares	Total value of shares
Blom W M	20059	Isiviko Health and Safety (Pty) Ltd	51% Share on behalf of BVAPD (Chairman)			
Florence A	20069	Telkom & Vodacom Shares				
Louw N S	20078	Stelacc Consult Inc	100%			
Marran P	20039	SERS Trading (Pty) Ltd BMMX Trading (Pty) Ltd				
Nalumango R	20079	Betterbond	700 Shares			
Qhankqiso E	20057	True IUV Developments	Dormant			
Snyders D R A	20062	Mencilre Holdings				

MEMBERSHIP OF ANY CLOSE CORPORATIONS

Councillor	Pay No.	Name of close corporation	Type of business	Registration number	Details of ownership (i.e. sole member of 50% share etc.)	Remuneration received from membership (per annum)	Does the CC do business with CWDM?	
							YES	NO
Daniels P	20080	Avax SA			514			
Du Plessis J J	20030	Moulia du Plessis BK	Workshop					
Klaas M T	20070	TNMG (Pty) Ltd						
Marran P	20039	Sothern Ambitions 897CC						
Schuurman J	20066	Well Earned Trading 62cc	Dormant		100%			

INTEREST IN ANY TRUSTS

Councillor	Pay No.	Name of trust	Nature of interest
Carinus G J	20003	Highmead Farming Trust & Propco Trust	Farming
Du Plessis J J	20030	Oude Tol Investment Trust & Du Plessis Family Trust	Trustee of Residential and Farm properties
Hess P	20065	Kleinboere Vereniging (Robertson)	
Niehaus L W	20068	Pinkster Park Trust	Trustee
Von Schlicht H	20044	Hugenate College; Wesgro; ACVV – National and local	
Vrollick W	20077	Denau Workers Trust (Alpha Farm)	Shares
Wilskut C F	20082	CC Business Trust	

DIRECTORSHIPS

Councillor	Pay No.	Name of company/ institution/ organisation	Type of business activity	Registration Number (Not applicable for non-owners)	Details of ownership (% of share- holding) or membership	Remuneration received from directorship/ membership (per annum)	Does the Organisation do business with CWDM?	
							YES	NO
Blom W M	20059	Isiviko Health and Safety (Pty) Ltd	NPO	2017/108357/07	51% Share on behalf of BVAPD			
Klaas M T	20070	Amampondomise Burial Society (Pty) Ltd	Company					
Louw N S	20078	Stelacc Consult Inc	Managing Director					
Marran P	20039	BMMX Trading (Pty) Ltd						
Mouton J S	20033	Shosolza Konstruksie & Home Base trade 83						
Qhankqiso E	20057	True IUV Developments	Dormant					
Du Toit R	20071		Transport business			Not active		
Mouton J S	20033	Shosolza Construction Home Base Trade 83						
Snyders D R A	20062	Menclire Holdings						
Vrolick W	20077	Alpha Boerdery						

PARTNERSHIPS

Councillor	Pay No.	Name of company/ institution/ organisation	Type of business activity	Registration Number (Not applicable for non- owners)	Details of ownership (% of share- holding) or membership	Remuneration received from directorship/ membership (per annum)		Does the organisation do business with CWDM?	
						YES	NO	YES	NO
Carinus G J	20003	Foretha Boerdery	Lease with Stellenbosch Municipality		50%				
Louw N S	20078	FM on Call	Associate						
Qhankqiso E	20057	True IUV Developments	Dormant						

OTHER FINANCIAL INTERESTS IN ANY BUSINESS UNDERTAKING

Councillor	Pay No.	Name of business undertaking	Type of business	Remuneration received from undertaking (per annum)	Does the undertaking do business with CWDM?		Does the undertaking do business with CWDM's vendors?		Who is primary client?
					YES	NO	YES	NO	
Blom W M	20059	Thys Blom Tax Practitioner	Financial	Not stated	✓				Taxpayers
Fredericks G J	20060	Own Repair Business	Community		✓			✓	
Niehaus L W	20068	Cape Winelands Sport Council; Wes-Kaap Judo Federation; Cape Winelands Judo							
Shibili A J	20081	MTHF & AILA	Dormant						

INTEREST IN ANY PROPERTY

Councillor	Pay No.	Type/description of property (i.e. residential, flat, vacant land, industrial, commercial, etc.)	Area	Physical address or Erf #	Nature of interest (owner, landlord, lessor, etc.)	Is CWDM making use of property?	
						YES	NO
Blom W M	20059	Residential	Worcester	18 Hugo Naude Street	Owner		✓
Carinus G J	20003	Residential for retirement	Stellenbosch	Propco Trust	Trustee – 50%		✓
Cromble A	20045	Residential (Erf 7178)	Stellenbosch	7 Pool Street, Cloetesville	Owner		✓
P Hess	20065	Residential	Robertson	2 Johnson Street	Owner		✓
Mouton J S	20033	Private vehicle					
Nalumango R	20079	Residential	Fourways Randburg	18 Graffiet Street, Jukskei Park 36 Lauries Loft, Perm Street	Owner		✓
Shibili A J	20081	Residential	Robertson	Nkqubela	Owner		✓
Swart D	20052	House					
Van Rooyen J J	20055	Residential	Robertson	23 Affodil Street, Robertson	Owner		
Von Schlicht	20044	Residential	Wellington	9 Albatros Street, Wellington	Co-Owner		✓
Wiskut C F	20082	Residential	Worcester	9 Sampson Street, Riverview 77 Tortelduif Street, Avian Park 24 Hamerkop Street, Avian Park	Owner		✓

EMPLOYMENT AND REMUNERATION

Councillor	Pay No.	Name of business	Type of business activity	Designation	Remuneration received for such employment	Approval of Council?	Does the organisation do business with CWDM?	
							YES	NO
Adriaanse M M	20063	Drakenstein Municipality	Local Authority	Councillor				
Blom W M	20059	CWDM	Local Authority	Councillor				
Carinus G J	20003	CWDM	Local Authority	Councillor				
Du Plessis J J	20030	District Municipality	Local Authority	Councillor				
Florence A	20069	Stellenbosch LA	Local Authority	Councillor				
Gouws E	20064	Drakenstein Municipality	Local Authority	Councillor				
Hess P	20065	Stellenbosch University	FASO Researching	Researcher	Contract ended in January 2018			
Louw N S	20078	Styelacc Consult Inc		Managing Director	R 45,000 p/m			
Marran P	20039	Breede Valley Municipality and CWDM	Local Authority	Councillor				
Maijan E	20051	Breede Valley Municipality and CWDM	Local Authority	Councillor				
Ramokhabi P C	20073	Breede Valley Municipality and CWDM	Local Authority	Councillor				
Von Schlicht	20044	CWDM	Local Authority	Executive Mayor				
Vrollick W	20077	Denau Boerdery	Farming	Worker				

PENSION

Councillor	Pay No.	Source of the pension (Pension Fund)	Value of the pension
Adriaanse M M	20063	CRF	
Du Plessis J J	20030	Sanlam Annuity	+/- R 2,000 per annum
Florence A	20069	Cape Joint Retirement Fund	
Kalipa X	20018	CRF Pension	
Niehaus L W	20024	Local Authority	
Ramokhabi P C	20073	Cape Joint Retirement Fund	
Rens S C	20085	Drakenstein	
Sambokwe L S	20083	CFP	
Siwakamisa L N	20025	Municipal Councillors Pension Fund	
Swart D	20074	Municipal Pension Fund	
Tetana N	20084	RCF	
Van Rooyen J J	20055	Cape Pension Fund	
Van Zyl J D F	20041	State Pension Fund	R 20,000 p/m
Von Schlicht	20044	Private Fund	
Wilskut C F	20082	Municipal Councillors Pension Fund	

SUBSIDIES, GRANTS AND SPONSORSHIPS BY ANY ORGANISATION

Councillor	Pay No.	Source of subsidy(s), grant(s) or sponsorship(s)	Description of subsidy(s), grant(s) or sponsorship(s)	Is assistance from a non-party source?		Value of subsidy(s), grant(s) or sponsorship(s) (per annum)
				YES	NO	
Blom W M	20059	Chairman: WC Association for Persons with Disabilities Breede Valley Association for Persons with Disabilities Breede Valley Forum for Persons with Disabilities Treasurer: Worcester House of Hope Member of School Governing Body – De La Bat School, Worcester				
Carinus G J	20003	Green Marketing	Production loan for plums	√		R 950,000
Daniels P	20080	ABSA Bank	Personal loan			

3. Disclosure of benefits

Councillor	Pay No.	Relationship	Associate	Third party that connects them
		No disclosures		

APPENDIX G(i) – REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

Vote Description	REVENUE COLLECTION PERFORMANCE BY VOTE									
	2016/2017		2017/2018			2017/2018 Variance				
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget	Original Budget	Actual	Original Budget	Adjustment Budget
Budget And Fin. Services	-220	0	-280	-280	-220 903	-280	100%	-280	100%	0%
Buildings Maintenance	-122	-135	-134	-135	-	-134	0%	-135	0%	-1%
Disaster Management	0	-	-	0	-220 903	-	N/A	0	N/A	N/A
Expenditure	-216 985	-220 903	-220 903	-220 906	-220 903	-220 906	0%	-220 906	0%	0%
Finance Management	-586	-241	-702	-8	-241	-702	97%	-8	97%	99%
Financial Management Grant	-1 250	-1 250	-1 250	-1 250	-1 250	-1 250	0%	-1 250	0%	0%
Fire Services	-627	-1 000	-998	-871	-1 000	-998	13%	-871	13%	13%
Human Resources Management	-411	-379	-1 083	-949	-379	-1 083	-150%	-949	-150%	12%
Integrated Development Plan	-65	-	-	-	-	-	N/A	-	N/A	N/A
Internal Audit	-	-	-200	-	-	-200	N/A	-	N/A	100%
Land-use and Spatial Planning	-109	-377	-377	-210	-377	-377	44%	-210	44%	44%
Local Economic Development	-17	-	-	-	-	-	N/A	-	N/A	N/A
Municipal Health Services	-475	-250	-353	-580	-250	-353	-132%	-580	-132%	-64%
Roads Main Div / Indirect	-91 478	-96 566	-96 566	-96 411	-96 566	-96 566	0%	-96 411	0%	0%
Roads Plant	-	-16 794	-16 814	-	-16 794	-16 814	100%	-	100%	100%
Performance Management	-	-	-236	-	-	-236	N/A	-	N/A	100%
Procurement	-172	-100	-100	-149	-100	-100	-49%	-149	-49%	-49%
Projects and Housing	-7 530	-4 383	-4 384	-4 434	-4 383	-4 384	-1%	-4 434	-1%	-1%
Public Transport Regulation	-220	-900	-900	-192	-900	-900	79%	-192	79%	79%
Social Development	-52	-74	-74	-62	-74	-74	16%	-62	16%	16%
Sundry Expenditure of the Council	-66 637	-53 886	-54 076	-54 133	-53 886	-54 076	0%	-54 133	0%	0%
Tourism	0	0	0	0	0	0	N/A	0	N/A	N/A
Working for Water (DWAF)	-1 507	-4 355	-4 355	-1 099	-4 355	-4 355	75%	-1 099	75%	75%

APPENDIX G (II) – REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
Description	R '000					
	2015/2016		2016/2017		2016/2017 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	-	-	-	-	-	-
Property rates – penalties and collection charges	-	-	-	-	-	-
Service charges – electricity revenue	-	-	-	-	-	-
Service charges – water revenue	-	-	-	-	-	-
Service charges – sanitation revenue	-	-	-	-	-	-
Service charges – refuse revenue	-	-	-	-	-	-
Service charges – other	2 302	170	170	629	-73%	-73%
Rental of facilities and equipment	100	132	132	107	23%	23%
Interest earned – external investments	43 014	40 188	48 000	51 018	-21%	-6%
Interest earned – outstanding debtors	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-
Fines	5	-	2	2	100%	0%
Licences and permits	-	-	-	-	-	-
Agency services	115 574	115 317	112 864	103 410	12%	9%
Transfers recognised – operational	222 733	232 244	237 113	230 705	1%	3%
Other income	2 717	1 429	1 415	2 529	-43%	-44%
Total Revenue						
(excluding capital transfers and contributions)	386 445	389 480	399 696	386 400	0%	3%
						TK.2

APPENDIX H – CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

CONDITIONAL GRANTS: EXCLUDING MIG						
R 000						
Details	Budget	Adjustment Budget	Actual	Variance		
				Budget	Adjustment Budget	
EPWP incentive	1 000	1 000	1 000	0%	0%	
Local Government Financial Management Grant	1 250	1 250	1 250	0%	0%	
Western Cape Financial Management Support Grant	0	1 434	635	N/A	56%	
Integrated Transport Plan	900	900	192	79%	79%	
Rural Roads Asset Management System	2 683	2 683	2 683	0%	0%	
Community Development Workers	74	74	62	16%	16%	
Municipal Performance Management Grant	-	236	-	N/A	100%	
Western Cape Financial Capacity Building Grant	240	240	227	5%	5%	
Fire Services Capacity Building Grant	800	800	800	0%	0%	
Local Government Graduate Internship Grant	-	96	95	N/A	1%	
Total	6 947	8 713	6 944	0%	25%	
					TL	

APPENDIX I – CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

CAPITAL EXPENDITURE- NEW ASSETS PROGRAMME			
R'000			
Description	2017/2018		
	Original budget	Adjustment Budget	Actual Expenditure
Capital expenditure by Asset Class			
Infrastructure- Total	860	751	747
Roads, pavements and bridges	860	751	747
Reticulation			
Community- Total	3 763	3 649	3 562
Fire, safety and emergency	3 763	3 649	3 562
Security and policing			
Other assets- Total	23 001	15 858	13 899
General vehicles	1 526	1 519	1 439
Specialised vehicles	6 061	5 274	5 017
Plant and equipment	2	1	688
Furniture and other office equipment	7 096	6 457	5 613
Other assets	8 316	2 608	1 142
Intangibles- Total	20	62	62
Computer- software and programming	20	62	62
Other (list sub-class)			
Total Capital Expenditure on new assets	27 644	20 320	18 270
Note Information for this table may be sourced from MBRR (2009 Table SA34a)			