

# ANNUAL FINANCIAL STATEMENTS 2016/2017



CAPE WINELANDS DISTRICT  
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

## Vision

A unified Cape Winelands of Excellence for Sustainable Development!

## Mission

Working together towards Effective, Efficient and Economically Sustainable Development!

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## General Information

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### Legal form of entity

Municipality (MFMA)

### Nature of business and principal activities

The Municipality is a local authority that -

- a) Ensures comprehensive and equitable Municipal Health Services within the Cape Winelands;
- b) Ensures co-ordination of multi-disciplinary and sectorial disaster risk reduction through integrated institutional capacity for Disaster Risk Management, Disaster Risk Assessment, Response and Recovery;
- c) Provides effective planning and co-ordination of fire fighting services, prevention activities and training services throughout the Cape Winelands;
- d) Facilitates environmentally sustainable economic development & investment attraction as well as retention through the development and management of strategic partnerships;
- e) Facilitates skills development within the Cape Winelands District Municipality by means of knowledge management and social infrastructure investment;
- f) Facilitates the creation of sustainable jobs within the Cape Winelands through the provision and maintenance of economic infrastructure;
- g) Provides support and shared services to local municipalities to facilitate economic development planning within the Cape Winelands;
- h) Increases access to safe and efficient transport;
- i) Develops integrated and sustainable human settlements;
- j) Integrates service delivery for maximum impact;
- k) Creates opportunities for growth and development in rural areas; and
- l) Empowers vulnerable groups, build human capital, invest in social capital and rural development programmes.

### Mayoral committee

Ald. C.A DE BRUYN - Mayor (TERM ENDED 09/08/2016)  
Ald. (Dr) H VON SCHLICHT - (REAPPOINTED FROM 10/08/2016 AND EXECUTIVE MAYOR FROM 01/09/2016)  
Cllr. C MEYER - (REAPPOINTED FROM 10/08/2016 AND SPEAKER FROM 01/09/2016)  
Cllr. H.M JANSEN - DEPUTY MAYOR (TERM ENDED 09/08/2016)  
Cllr. D SWART- (REAPPOINTED FROM 17/08/2016 AND DEPUTY EXECUTIVE MAYOR FROM 01/09/2016)  
Cllr. G.J CARINUS (REAPPOINTED 10/08/2016)  
Ald. N.E KAHLBERG (TERM ENDED 09/08/2016)  
Cllr. J.R.F TORR (TERM ENDED 09/08/2016)  
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. J.D.F VAN ZYL (REAPPOINTED 18/08/2016)  
Cllr. J.J ABRAHAMS (TERM ENDED 09/08/2016)  
Cllr.C.C BRINK (TERM ENDED 09/08/2016)  
Cllr. N.D HANI (TERM ENDED 09/08/2016)  
Cllr. J.B CRONJE (TERM ENDED 09/08/2016)  
Cllr. B.J KRIEGLER (TERM ENDED 09/08/2016)  
Cllr. M.S TAYITAYI (TERM ENDED 09/08/2016)  
Cllr. M.H YABO (TERM ENDED 09/08/2016)  
Cllr. X.L MDEMKA (TERM ENDED 09/08/2016)  
Cllr. D.A HENDRICKSE (TERM ENDED 09/08/2016)  
Cllr. Z.L GWADA (TERM ENDED 09/08/2016)

### Other Councillors

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

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Cllr. D.B JANSE (TERM ENDED 09/08/2016)  
Cllr. J MATTHEE (TERM ENDED 09/08/2016)  
Cllr. W.L CHAABAN (TERM ENDED 09/08/2016)  
Cllr. S.W NYAMANA (TERM ENDED 09/08/2016)  
Cllr. R ROSS (TERM ENDED 09/08/2016)  
Cllr. M.N BUSHWANA (TERM ENDED 09/08/2016)  
Cllr. G STALMEESTER (TERM ENDED 09/08/2016)  
Cllr. J.K HENDRIKS (TERM ENDED 09/08/2016)  
Cllr. C.C VAN DER WESTHUIZEN (TERM ENDED 09/08/2016)  
Cllr. A.F AFRICA (TERM ENDED 09/08/2016)  
Cllr. C DAMENS (REAPPOINTED 10/08/2016)  
Cllr. X KALIPA (REAPPOINTED 10/08/2016)  
Cllr. L.N SIWAKAMISA (REAPPOINTED 10/08/2016)  
Cllr. J.S MOUTON (REAPPOINTED 10/08/2016)  
Cllr. P MARRAN (REAPPOINTED 15/08/2016)  
Cllr. E.S.C MATJAN (REAPPOINTED 15/08/2016)  
Cllr. A CROMBIE (REAPPOINTED 15/08/2016)  
Cllr. R.B ARNOLDS (REAPPOINTED 16/08/2016)  
Cllr. J.J VAN ROOYEN (APPOINTED 10/08/2016)  
Cllr. C STEYN (APPOINTED 10/08/2016)  
Cllr. E QHANKQISO (APPOINTED 10/08/2016)  
Cllr. B.B NTSHINGILA (APPOINTED 10/08/2016)  
Cllr. W.M BLOM (APPOINTED 10/08/2016)  
Cllr. G.J FREDERICKS (APPOINTED 10/08/2016)  
Cllr. S.S MAGQAZANA (APPOINTED 10/08/2016)  
Cllr. D.R.A SNYDERS (APPOINTED 10/08/2016)  
Cllr. M.M ADRIAANSE (APPOINTED 16/08/2016)  
Cllr. E GOUWS (APPOINTED 16/08/2016)  
Cllr.P HESS (APPOINTED 18/08/2016)  
Cllr. J.W SCHUURMAN (APPOINTED 17/08/2016)  
Cllr. M.T KLAAS (APPOINTED 16/08/2016)  
Cllr. R DU TOIT (APPOINTED 15/08/2016)  
Cllr. L LANDU (APPOINTED 16/08/2016)  
Cllr. W VROLICK (APPOINTED 15/08/2016)  
Cllr. N.S LOUW (APPOINTED 15/08/2016)  
Cllr. R.S NALUMANGO (APPOINTED 15/08/2016)  
Cllr. P DANIELS (APPOINTED 17/08/2016)  
Cllr. A.J SHIBILI (APPOINTED 18/08/2016)  
Cllr. C.F WILSKUT (APPOINTED 15/08/2016)  
Cllr. L.S SAMBOKWE (APPOINTED 16/08/2016)  
Cllr. N TETENA (APPOINTED 10/08/2016)  
Cllr. S.C RENS (APPOINTED 16/08/2016)

**Grading of local authority**

Grade 4  
Medium Capacity

**Municipal Manager**

M. MGAJO

**Chief Financial Officer (CFO)**

F.A. DU RAAN - GROENEWALD

**Registered office**

46 ALEXANDER STREET  
STELLENBOSCH

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## General Information

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	7600
<b>Postal address</b>	P.O.BOX 100 STELLENBOSCH 7599
<b>Telephone</b>	0861 265 263
<b>Bankers</b>	AMALGAMATED BANKS OF SOUTH AFRICA (ABSA)
<b>Auditors</b>	AUDITOR GENERAL OF SOUTH AFRICA (AGSA)

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

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The reports and statements set out below comprise of the financial statements presented to the council:

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### Abbreviations

IDP	Integrated Development Plan
CRR	Capital Replacement Reserve
LGSETA	Local Government Sector Education and Training Authority
mSCOA	municipal Standard Chart of Accounts
GRAP	Generally Recognised Accounting Practice
DEA	Department of Environmental Affairs
PRMA	Post Retirement Medical Aid
RAMS	Rural Asset Management System
MPAC	Municipal Public Accounts Committee
IPSAS	International Public Sector Accounting Standards
Cllr	Councillor
LED	Local Economic Development
MFMA	Municipal Finance Management Act
PMS	Performance Management System
CWDM	Cape Wineland District Municipality
MSA	Municipal Systems Act
WCA	Workmen's Compensation Assistance

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act, 2003 (Act No 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and are given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer set standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, the accounting officer is supported by the municipality's internal auditors.

The financial statements set out on pages 6 to 90, which have been prepared on the going concern basis, were approved by the Acting Municipal Manager on 31 August 2017.



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Accounting Officer  
F. van Eck (Acting Municipal Manager)

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	3	592 130 504	569 983 713
Other receivables from exchange transactions	4	15 499 238	14 411 686
Trade receivables from exchange transactions	5	299 590	2 127 671
Inventories	6	2 062 851	2 218 748
Receivables from non-exchange transactions	8	179 824	-
VAT receivable	7	5 138 895	4 394 757
Employee benefit asset	15	2 317 867	1 814 448
		<b>617 628 769</b>	<b>594 951 023</b>
Non-Current Assets			
Property, plant and equipment	9	158 807 448	159 149 545
Intangible assets	10	1 142 506	1 353 018
Employee benefit asset	15	29 958 449	27 605 735
		<b>189 908 403</b>	<b>188 108 298</b>
Non-Current Assets		189 908 403	188 108 298
Current Assets		617 628 769	594 951 023
<b>Total Assets</b>		<b>807 537 172</b>	<b>783 059 321</b>
<b>Liabilities</b>			
Current Liabilities			
Operating lease liability	11	11 257	17 382
Finance lease obligation	12	3 454	9 528
Unspent conditional grants and receipts	13	2 464 216	6 639 718
Payables from exchange transactions	14	10 183 200	13 781 968
Employee benefit obligation	15	25 735 083	23 956 057
		<b>38 397 210</b>	<b>44 404 653</b>
Non-Current Liabilities			
Operating lease liability	11	20 082	-
Finance lease obligation	12	-	3 454
Employee benefit obligation	15	156 324 319	149 704 695
		<b>156 344 401</b>	<b>149 708 149</b>
Non-Current Liabilities		156 344 401	149 708 149
Current Liabilities		38 397 210	44 404 653
<b>Total Liabilities</b>		<b>194 741 611</b>	<b>194 112 802</b>
Assets		807 537 172	783 059 321
Liabilities		(194 741 611)	(194 112 802)
<b>Net Assets</b>		<b>612 795 561</b>	<b>588 946 519</b>
Accumulated surplus	16	612 795 561	588 946 519

\* See Note 42 & 32

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	17	628 905	2 301 573
Rental of facilities and equipment	18	107 481	100 401
Agency services	19	103 409 659	115 573 927
Other income	20	2 528 856	1 670 873
Interest received - investment	21	51 017 913	43 013 756
<b>Total revenue from exchange transactions</b>		<b>157 692 814</b>	<b>162 660 530</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants and subsidies	22	227 556 400	222 732 933
Public contributions and donations	23	3 148 434	1 046 188
Fines, Penalties and Forfeits		2 000	5 000
<b>Total revenue from non-exchange transactions</b>		<b>230 706 834</b>	<b>223 784 121</b>
		157 692 814	162 660 530
		230 706 834	223 784 121
<b>Total revenue</b>		<b>388 399 648</b>	<b>386 444 651</b>
<b>Expenditure</b>			
Employee related costs	24	(173 771 849)	(155 554 463)
Remuneration of councillors	25	(10 216 294)	(10 779 172)
Depreciation and amortisation	26	(9 702 787)	(6 743 417)
Finance costs	27	(901)	(2 220)
Lease rentals on operating lease		(380 819)	(359 446)
Debt Impairment	28	(1 256 555)	(239 794)
Repairs and maintenance	29	(54 387 899)	(65 511 956)
Bad debt written off		(22 676)	(7 697)
General Expenses	30	(112 545 001)	(95 306 875)
<b>Total expenditure</b>		<b>(362 284 781)</b>	<b>(334 505 040)</b>
Total revenue		388 399 648	386 444 651
Total expenditure		(362 284 781)	(334 505 040)
<b>Operating surplus</b>		<b>26 114 867</b>	<b>51 939 611</b>
Loss on disposal of assets and liabilities		(2 181 097)	(4 792 209)
Inventories losses/write-downs		(84 728)	(304 396)
		<b>(2 265 825)</b>	<b>(5 096 605)</b>
<b>Surplus for the year</b>		<b>23 849 042</b>	<b>46 843 006</b>

\* See Note 42 & 32



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	477 135 206	477 135 206
Adjustments		
Prior year adjustments	64 968 307	64 968 307
<b>Balance at 01 July 2015 as restated*</b>	<b>542 103 513</b>	<b>542 103 513</b>
Changes in net assets		
Restated surplus for the year	46 843 006	46 843 006
Total changes	46 843 006	46 843 006
<b>Restated* Balance at 01 July 2016</b>	<b>588 946 519</b>	<b>588 946 519</b>
Changes in net assets		
Surplus for the year	23 849 042	23 849 042
Total changes	23 849 042	23 849 042
<b>Balance at 30 June 2017</b>	<b>612 795 561</b>	<b>612 795 561</b>
Note(s)	16	

\* See Note 42 & 32

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Cash Flow Statement

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		106 025 238	114 252 419
Grants		230 704 834	223 779 120
Interest income		50 248 254	40 540 518
		<u>386 978 326</u>	<u>378 572 057</u>
<b>Payments</b>			
Employee costs		(168 270 674)	(154 822 325)
Suppliers		(175 002 863)	(142 331 856)
Other payments: remuneration to Councillors		(10 216 294)	(10 779 172)
		<u>(353 489 831)</u>	<u>(307 933 353)</u>
Total receipts		386 978 326	378 572 057
Total payments		(353 489 831)	(307 933 353)
<b>Net cash flows from operating activities</b>	33	<b><u>33 488 495</u></b>	<b><u>70 638 704</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(11 185 330)	(4 380 257)
Proceeds from sale of property, plant and equipment	9	19 737	13 706
Purchase of other intangible assets	10	(165 680)	(377 692)
		<u>(11 331 273)</u>	<u>(4 744 243)</u>
<b>Net cash flows from investing activities</b>		<b><u>(11 331 273)</u></b>	<b><u>(4 744 243)</u></b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(10 429)	(29 226)
		<u>(10 429)</u>	<u>(29 226)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>22 146 793</u></b>	<b><u>65 865 235</u></b>
Cash and cash equivalents at the beginning of the year		569 983 713	504 118 478
<b>Cash and cash equivalents at the end of the year</b>	3	<b><u>592 130 506</u></b>	<b><u>569 983 713</u></b>

\* See Note 42 & 32

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	170 000	-	170 000	628 905	458 905	Note 47
Rental of facilities and equipment	132 000	-	132 000	107 481	(24 519)	Note 47
Agency services	112 864 430	-	112 864 430	103 409 659	(9 454 771)	
Other income	1 414 800	-	1 414 800	2 528 856	1 114 056	Note 47
Interest received - investment	48 000 000	-	48 000 000	51 017 913	3 017 913	
<b>Total revenue from exchange transactions</b>	<b>162 581 230</b>	<b>-</b>	<b>162 581 230</b>	<b>157 692 814</b>	<b>(4 888 416)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants and subsidies	232 349 767	-	232 349 767	227 556 400	(4 793 367)	
Public contributions and donations	4 763 000	-	4 763 000	3 148 434	(1 614 566)	Note 47
Fines, Penalties and Forfeits	2 000	-	2 000	2 000	-	
<b>Total revenue from non-exchange transactions</b>	<b>237 114 767</b>	<b>-</b>	<b>237 114 767</b>	<b>230 706 834</b>	<b>(6 407 933)</b>	
'Total revenue from exchange transactions'	162 581 230	-	162 581 230	157 692 814	(4 888 416)	
'Total revenue from non-exchange transactions'	237 114 767	-	237 114 767	230 706 834	(6 407 933)	
<b>Total revenue</b>	<b>399 695 997</b>	<b>-</b>	<b>399 695 997</b>	<b>388 399 648</b>	<b>(11 296 349)</b>	
<b>Expenditure</b>						
Employee related costs	(183 880 161)	-	(183 880 161)	(173 771 849)	10 108 312	
Remuneration of councillors	(11 301 850)	-	(11 301 850)	(10 216 294)	1 085 556	
Depreciation and amortisation	(10 617 800)	-	(10 617 800)	(9 702 787)	915 013	Note 47
Finance costs	(14 000)	-	(14 000)	(901)	13 099	Note 47
Lease rentals on operating lease	(401 000)	5 738	(395 262)	(380 819)	14 443	
Debt Impairment	(3 127 665)	600 000	(2 527 665)	(1 256 555)	1 271 110	Note 47
Repairs and maintenance	(53 127 100)	(1 389 271)	(54 516 371)	(54 387 899)	128 472	
Bad debt written off	-	(23 000)	(23 000)	(22 676)	324	
General Expenses	(136 769 421)	2 654 293	(134 115 128)	(112 545 001)	21 570 127	Note 47
<b>Total expenditure</b>	<b>(399 238 997)</b>	<b>1 847 760</b>	<b>(397 391 237)</b>	<b>(362 284 781)</b>	<b>35 106 456</b>	
Total revenue	399 695 997	-	399 695 997	388 399 648	(11 296 349)	
Total expenditure	(399 238 997)	1 847 760	(397 391 237)	(362 284 781)	35 106 456	
<b>Operating surplus</b>	<b>457 000</b>	<b>1 847 760</b>	<b>2 304 760</b>	<b>26 114 867</b>	<b>23 810 107</b>	
Loss on disposal of assets and liabilities	(397 000)	(1 822 760)	(2 219 760)	(2 181 097)	38 663	Note 47
Inventories losses/write-downs	(60 000)	(25 000)	(85 000)	(84 728)	272	
	<b>(457 000)</b>	<b>(1 847 760)</b>	<b>(2 304 760)</b>	<b>(2 265 825)</b>	<b>38 935</b>	
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23 849 042</b>	<b>23 849 042</b>	

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	649 706 300	-	<b>649 706 300</b>	592 130 504	<b>(57 575 796)</b>	
Other receivables from exchange transactions	14 000 000	-	<b>14 000 000</b>	15 499 238	<b>1 499 238</b>	Note 47
Trade receivables from exchange transactions	2 000 000	-	<b>2 000 000</b>	299 590	<b>(1 700 410)</b>	Note 47
Inventories	2 390 519	-	<b>2 390 519</b>	2 062 851	<b>(327 668)</b>	Note 47
Receivables from non-exchange transactions	-	-	-	179 824	<b>179 824</b>	Note 47
VAT receivable	-	-	-	5 138 895	<b>5 138 895</b>	Note 47
Employee benefit asset	1 715 412	-	<b>1 715 412</b>	2 317 867	<b>602 455</b>	Note 47
	<b>669 812 231</b>	-	<b>669 812 231</b>	<b>617 628 769</b>	<b>(52 183 462)</b>	
<b>Non-Current Assets</b>						
Property, plant and equipment	198 858 707	-	<b>198 858 707</b>	158 807 449	<b>(40 051 258)</b>	Note 47
Intangible assets	1 302 575	-	<b>1 302 575</b>	1 142 506	<b>(160 069)</b>	Note 47
Employee benefit asset	20 000 000	-	<b>20 000 000</b>	29 958 449	<b>9 958 449</b>	Note 47
	<b>220 161 282</b>	-	<b>220 161 282</b>	<b>189 908 404</b>	<b>(30 252 878)</b>	
Non-Current Assets	669 812 231	-	<b>669 812 231</b>	617 628 769	<b>(52 183 462)</b>	
Current Assets	220 161 282	-	<b>220 161 282</b>	189 908 404	<b>(30 252 878)</b>	
<b>Total Assets</b>	<b>889 973 513</b>	-	<b>889 973 513</b>	<b>807 537 173</b>	<b>(82 436 340)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Operating lease liability	-	-	-	11 257	<b>11 257</b>	Note 47
Finance lease obligation	-	-	-	3 454	<b>3 454</b>	Note 47
Unspent conditional grants and receipts	3 000 000	-	<b>3 000 000</b>	2 464 216	<b>(535 784)</b>	Note 47
Payables from exchange transactions	13 000 000	-	<b>13 000 000</b>	10 183 198	<b>(2 816 802)</b>	Note 47
Employee benefit obligation	24 956 057	-	<b>24 956 057</b>	25 735 083	<b>779 026</b>	
	<b>40 956 057</b>	-	<b>40 956 057</b>	<b>38 397 208</b>	<b>(2 558 849)</b>	
<b>Non-Current Liabilities</b>						
Operating lease liability	-	-	-	20 082	<b>20 082</b>	Note 47
Employee benefit obligation	150 000 000	-	<b>150 000 000</b>	156 324 319	<b>6 324 319</b>	
	<b>150 000 000</b>	-	<b>150 000 000</b>	<b>156 344 401</b>	<b>6 344 401</b>	
Current liabilities	40 956 057	-	<b>40 956 057</b>	38 397 208	<b>(2 558 849)</b>	
Non-current liabilities	150 000 000	-	<b>150 000 000</b>	156 344 401	<b>6 344 401</b>	
	-	-	-	-	-	
<b>Total Liabilities</b>	<b>190 956 057</b>	-	<b>190 956 057</b>	<b>194 741 609</b>	<b>3 785 552</b>	
Assets	889 973 513	-	<b>889 973 513</b>	807 537 173	<b>(82 436 340)</b>	
Liabilities	(190 956 057)	-	<b>(190 956 057)</b>	(194 741 609)	<b>(3 785 552)</b>	
<b>Net Assets</b>	<b>699 017 456</b>	-	<b>699 017 456</b>	<b>612 795 564</b>	<b>(86 221 892)</b>	

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Revaluation reserve	173 554 792	-	<b>173 554 792</b>	-	<b>(173 554 792)</b>	Note 47
Accumulated surplus	525 462 664	-	<b>525 462 664</b>	612 795 564	<b>87 332 900</b>	Note 47
<b>Total Net Assets</b>	<b>699 017 456</b>	-	<b>699 017 456</b>	<b>612 795 564</b>	<b>(86 221 892)</b>	

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	114 583 230	-	<b>114 583 230</b>	106 025 238	<b>(8 557 992)</b>	
Grants	237 112 767	-	<b>237 112 767</b>	230 704 834	<b>(6 407 933)</b>	
Interest income	48 000 000	-	<b>48 000 000</b>	50 248 254	<b>2 248 254</b>	
	<b>399 695 997</b>	-	<b>399 695 997</b>	<b>386 978 326</b>	<b>(12 717 671)</b>	
<b>Payments</b>						
Employee costs	(183 880 161)	-	<b>(183 880 161)</b>	(168 270 674)	<b>15 609 487</b>	Note 47
Suppliers	(190 357 370)	-	<b>(190 357 370)</b>	(175 002 862)	<b>15 354 508</b>	
Other payments: remuneration to councillors	(11 301 850)	-	<b>(11 301 850)</b>	(10 216 294)	<b>1 085 556</b>	
	<b>(385 539 381)</b>	-	<b>(385 539 381)</b>	<b>(353 489 830)</b>	<b>32 049 551</b>	
Total receipts	399 695 997	-	<b>399 695 997</b>	386 978 326	<b>(12 717 671)</b>	
Total payments	(385 539 381)	-	<b>(385 539 381)</b>	(353 489 830)	<b>32 049 551</b>	
<b>Net cash flows from operating activities</b>	<b>14 156 616</b>	-	<b>14 156 616</b>	<b>33 488 496</b>	<b>19 331 880</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(11 399 117)	-	<b>(11 399 117)</b>	(11 185 330)	<b>213 787</b>	
Proceeds from sale of property, plant and equipment	-	-	-	19 737	<b>19 737</b>	Note 47
Purchase of other intangible assets	(384 800)	-	<b>(384 800)</b>	(165 680)	<b>219 120</b>	Note 47
<b>Net cash flows from investing activities</b>	<b>(11 783 917)</b>	-	<b>(11 783 917)</b>	<b>(11 331 273)</b>	<b>452 644</b>	
<b>Cash flows from financing activities</b>						
Finance lease payment	-	-	-	(10 429)	<b>(10 429)</b>	Note 47
Net increase/(decrease) in cash and cash equivalents	2 372 699	-	<b>2 372 699</b>	22 146 791	<b>19 784 524</b>	
Cash and cash equivalents at the beginning of the year	569 983 713	-	<b>569 983 713</b>	569 983 713	-	
<b>Cash and cash equivalents at the end of the year</b>	<b>572 356 412</b>	-	<b>572 356 412</b>	<b>592 130 504</b>	<b>19 784 524</b>	

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, 2003 (Act No 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

All figures has been rounded to the nearest Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied with the previous period in the preparation of these annual financial statements, are disclosed below.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on an individual basis. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

##### Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

Value in use of non-cash generating assets:

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

##### Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on historical data collected by the municipality. The estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.1 Significant judgements and sources of estimation uncertainty (continued)

#### Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-retirement obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficient long maturity to match the estimated maturity of all benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

#### Effective interest rate

The municipality used the prime lending rate to discount future cash flows.

#### Allowance for impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

### 1.2 Reserves

#### Internal ring fenced reserves

##### Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. The amount transferred to the CRR is based on the Municipality's need to finance future capital projects included in the Integrated Development Plan. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when funds from the CRR are utilised.

- The cash is invested until it is utilised. The cash may only be invested in accordance with the Cash Management and Investments Policy of the municipality.
- Interest earned on the CRR investment is recorded as part of the total interest earned in the Statement of Financial Performance, whereafter such interest may be transferred from accumulated surplus to CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the Municipality and may not be used for the maintenance of these items.
- If gains or losses are made on the sale of assets, these are reflected in the Statement of Financial Performance.

##### Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued (budget circular) by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.2 Reserves (continued)

#### Accumulated Surplus

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

### 1.3 Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with a maturity period of between three and twelve months and are subject to an insignificant risk of change in value. Cash and cash equivalents recorded at amortised cost in the annual financial statements approximate their fair values.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with bank, net of bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Amounts recovered from the Western Cape Provincial Government in respect of the future medical liability of the road staff are included in the balance of cash and cash equivalents.

### 1.4 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, the cost is considered to be the fair value as at date of acquisition.

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent to initial recognition, items of property, plant and equipment are measured as follows:

- (i) Plant and equipment - at cost less accumulated depreciation and accumulated impairment losses
- (ii) Land and buildings - at cost less accumulated depreciation and accumulated impairment losses

#### Depreciation

Depreciation is calculated using the straight line method, over the estimated useful lives to their estimated residual value of the assets. The depreciation rates are based on the following estimated useful lives for the current and comparative years:

The useful lives of items of property, plant and equipment have been assessed as follows:

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# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.4 Property, plant and equipment (continued)

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Item	Depreciation method	Estimated useful life
Land	Straight line	Indefinite
Buildings	Straight line	30-50
Infrastructure	Straight line	15-50
Furniture and fittings	Straight line	3-20
Motor vehicles	Straight line	5-27
Office equipment	Straight line	3-20
Plant and equipment	Straight line	3-50
Other property, plant and equipment	Straight line	3-46
Leased assets	Straight line	5-9

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note ).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

### 1.5 Intangible assets

An asset is identifiable if it either:

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

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.5 Intangible assets (continued)

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value at the date of acquisition.

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3-10 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.6 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The Municipality's heritage assets are culturally significant resources. These assets, in addition to meeting the definition of a Heritage asset, are currently in use as office accommodation and therefore meet the definition of Property, Plant and Equipment.

Heritage assets are not recognised as a heritage asset even though the definition of a heritage asset is met, because a significant portion is applied for administrative purposes.

Heritage assets are accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment (GRAP 17). Refer to note 1.4

The Municipality has the following registered Heritage Assets:

- Building at 46 Alexander Street, Stellenbosch was declared as a Provincial Heritage site on 8 September 1967.
- Building at 194 Main Road, Paarl.

### 1.7 Changes in accounting policies, estimates errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the Municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.7 Changes in accounting policies, estimates errors (continued)

Correction of errors are applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Municipality restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to applicable note to the annual financial statements for details of corrections of errors recorded during the period under review.

### 1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

#### Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Trade payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligations	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost

#### Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability in the case of a financial asset.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.8 Financial instruments (continued)

#### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

#### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

#### Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

#### Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are recognised at revenue.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.8 Financial instruments (continued)

#### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

##### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from non-exchange transactions.

### 1.9 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the prime lending rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.9 Leases (continued)

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.10 Inventories

Inventories consist of unsold properties and consumables.

#### Initial measurement

Inventories are initially measured at cost. Cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired at no cost or for nominal consideration, the cost is deemed to be the fair value as at the date of acquisition. Direct costs relating to unsold properties are accumulated for each separately identifiable development.

#### Subsequent measurement

Unsold properties and consumables to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Roads inventory to be distributed at no or nominal consideration or to be consumed in the production process of goods to be distributed at no or nominal consideration are subsequently measured at the lower of cost and current replacement cost.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

#### Derecognition

The Municipality derecognises unsold low cost housing contained in inventory when construction of such properties has been completed and occupation of houses taken by the beneficiaries. At date of derecognition, the expense is recognised in the Statement of Financial Performance.

When other inventories are utilised or consumed, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.11 Grants in Aid

The Municipality annually awards grants to organisations in terms of Section 67 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). When making these transfers, the Municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

### 1.12 Events after reporting date

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

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### 1.12 Events after reporting date (continued)

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

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.13 Budget information

The Municipality is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget covers the period from 2016/07/01 to 2017/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts as prescribed in GRAP 24.

A comparison of actual vs. budgeted revenue and expenditure is disclosed in the Statement of Comparison of Budget and actual amounts and reasons for variances in excess of 10%.

### 1.14 Related parties

Key management and councillors as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Disclosure is further made on certain transactions with key management personnel whether or not they have occurred on an arm's length basis. Disclosure requirements in terms of Supply Chain Management Regulation 45 is included in the notes to the financial statements.

### 1.15 Value added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance with Section 15(1) of the VAT Act (Act No. 89 of 1991).

### 1.16 Impairment of cash-generating assets

Cash-generating assets are those assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.



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### 1.16 Impairment of cash-generating assets (continued)

#### Value in use

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

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

#### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current prime lending rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of a cash generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. The municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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### 1.16 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

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

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

### 1.17 Impairment of non-cash-generating assets

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

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

# Cape Winelands District Municipality

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### 1.17 Impairment of non-cash-generating assets (continued)

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

#### Reversal of an impairment loss

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

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### 1.18 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability:

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

### 1.19 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

# Cape Winelands District Municipality

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### 1.20 Revenue from exchange transactions (continued)

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Agency fees are recognised to the extent of work performed.

#### Interest

Revenue arising from the use by others of municipal assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest method.

### 1.21 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

# Cape Winelands District Municipality

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## Accounting Policies

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### 1.21 Revenue from non-exchange transactions (continued)

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

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

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

#### Services in-kind

Services in-kind are not recognised.

### 1.22 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to notes 32 for detail.

### 1.24 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.25 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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### 1.25 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.27 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

# Cape Winelands District Municipality

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### 1.27 Employee benefits (continued)

#### Long term receivable

When, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, a municipality shall recognise its right to reimbursement as a separate asset. The municipality shall measure the asset at fair value. In all other respects, the municipality shall treat that asset in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan may be presented net of the amount recognised for a reimbursement.

The municipality recognised a long term receivable relating to the recoveries from the Department of Transport and Public Works in respect of the post-employment medical benefit relating to the roads staff.

The assumptions used by the actuaries to calculate the portion of the roads staff are the same as that used to calculate the amount of the liability relating to the post-employment medical aid.

#### Multi-employer plans

The entity classifies a multi-employer plan as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined benefit plan, the entity accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

#### Post-employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.



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### 1.27 Employee benefits (continued)

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability 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;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, 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 rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 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.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

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Figures in Rand	2017	2016
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### 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:

GRAP 16 - Investment property revised version (as amended 2015)

GRAP 17- Property, plant and Equipment (as amended 2015)

#### 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 2017 or later periods:

#### 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;
- 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:

- 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:

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

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### 2. New standards and interpretations (continued)

- 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 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 there will be material impact on Annual Financial Statements with the adoption of the standard.

#### **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.

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 there will be material impact on Annual Financial Statements with the adoption of the standard.

#### **GRAP 109: Accounting by Principles 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.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

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### 2. New standards and interpretations (continued)

It is unlikely that there will be material impact on Annual Financial Statements with the adoption of the standard.

#### **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.

An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for service concession arrangements.

Arrangements within the scope of this Standard involve the operator providing a mandated function related to the service concession asset on behalf of the grantor. The operator providing the mandated function can either be a private party or another public sector entity.

Arrangements outside the scope of this Standard are those that do not involve the delivery of a mandated function and arrangements that involve the provision or management of services where the asset is not controlled by the grantor (e.g., outsourcing, service contracts, or privatisation).

This Standard does not specify the accounting by operators.

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

(a) the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time; and

(b) the operator is compensated for its services over the period of the service concession arrangement.

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

(a) is provided by the operator which:

(i) the operator constructs, develops, or acquires from a third party; or

(ii) is an existing asset of the operator; or

(b) is provided by the grantor which:

(i) is an existing asset of the grantor; or

(ii) is an upgrade to an existing asset of the grantor

The effective date of the standards 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 there will be material impact on Annual Financial Statements with the adoption of the standard.

#### **GRAP 18: Segment Reporting**

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

(a) enable users of the financial statements to better understand the entity's past performance, to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates;

(b) identify the resources allocated to support the major activities of the entity and assist in making decisions about the allocation of resources; and

(c) enhance the transparency of financial reporting and enable the entity to better discharge its accountability obligations.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

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### 2. New standards and interpretations (continued)

This Standard shall apply to the separate or individual financial statements of an entity and the consolidated financial statements of an economic entity.

A segment is an activity of an entity:

(a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);

(b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and

(c) for which separate financial information is available.

Terms defined in other Standards of GRAP are used in this Standard with the same meaning as in those other Standards.

The Standard provides the definitions for reportable segments and sets out guidelines on general information, information about surplus or deficit, assets and liabilities, reconciliations, the restatement of previously reported information and information about geographical areas to be disclosed.

The effective date of the standards 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 there will be material impact on Annual Financial Statements with the adoption of the standard.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand 2017 2016

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 100	3 100
Bank balances	8 127 404	13 980 613
Short-term investments	584 000 000	556 000 000
	<b>592 130 504</b>	<b>569 983 713</b>

Included in the balance of cash and cash equivalents is an amount of R 8 531 730 (2016: R 6 441 418) 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 has been pledged as security.

#### Short-term investments

##### ABSA - Investment

Opening balance	106 000 000	96 000 000
Movements for the year	37 000 000	10 000 000
	<b>143 000 000</b>	<b>106 000 000</b>

##### FNB - Investment

Opening balance	95 000 000	80 000 000
Movement for the year	10 000 000	15 000 000
	<b>105 000 000</b>	<b>95 000 000</b>

##### INVESTEC - Investment

Opening balance	115 000 000	103 000 000
Movement for the year	(34 000 000)	12 000 000
	<b>81 000 000</b>	<b>115 000 000</b>

##### NEDCOR - Investment

Opening balance	126 000 000	113 000 000
Movement for the year	13 000 000	13 000 000
	<b>139 000 000</b>	<b>126 000 000</b>

##### STANDARD BANK - Investment

Opening balance	114 000 000	94 000 000
Movement for the year	2 000 000	20 000 000
	<b>116 000 000</b>	<b>114 000 000</b>

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
ABSA BANK - Primary bank account	8 127 404	3 503 077	609 178	8 127 404	3 503 077	609 178
ABSA BANK - Depositor plus account	-	10 477 536	17 506 199	-	-	-
<b>Total</b>	<b>8 127 404</b>	<b>13 980 613</b>	<b>18 115 377</b>	<b>8 127 404</b>	<b>3 503 077</b>	<b>609 178</b>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
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### 3. Cash and cash equivalents (continued)

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	(22 841)	(478 650)
Prepayments	2 546 872	2 500 525
Deposits	591 738	461 738
Insurance claims	101 788	89 399
Municipal health debtor	46 866	17 877
Rental	3 246	11 090
Councillors	106 210	27 098
Accrued interest	11 866 171	11 094 512
Other receivables	56 426	20 065
Post retirement medical aid	202 762	240 532
LG Seta debtor	-	427 500
	<b>15 499 238</b>	<b>14 411 686</b>

#### 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	15 522 079	14 890 336
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##### Less: Allowance for impairment

Other receivables	(22 841)	(478 650)
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##### Net balance

Other receivables	15 499 238	14 411 686
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#### Other receivables from exchange transactions

Current (0-30 days)	410 170	644 844
31-60 days	35 165	8 589
61-90 days	200 221	25 146
91-120 days	20 000	2 264
121-365 days	12 895	135 805
> 365 days	407 744	-
	<b>1 086 195</b>	<b>816 648</b>

Prepayments of R2 546 872 (2016:R2 500 525) were not included as the future economic benefits relates to the receipt of goods and services. The interest accrual of R11 866 171 (2016: R11 094 512 ) was not included in the ageing as it is not due yet.

#### Other receivables past due but not impaired



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
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### 4. Other receivables from exchange transactions (continued)

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 2017 other receivables of R676 025 (2016: R171 804) 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	(478 650)	(491 454)
Provision for impairment	-	(849)
Amounts written off as uncollectable	22 676	7 697
Unused amounts reversed	5 633	5 956
Provision for bad debt recovered	427 500	-
	<b>(22 841)</b>	<b>(478 650)</b>

### 5. Trade Receivables from exchange transactions

#### Gross balances

Fire Fighting	2 539 436	2 415 422
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#### Less: Allowance for impairment

Fire Fighting	(2 239 846)	(287 751)
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#### Net balance

Fire Fighting	299 590	2 127 671
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#### Fire fighting

Current (0 -30 days)	49 967	6 923
31 - 60 days	96 432	228 005
91 - 120 days	92 540	1 647 679
121 - 365 days	2 300 497	532 815
	<b>2 539 436</b>	<b>2 415 422</b>

#### Reconciliation of allowance for impairment

Opening balance	(287 751)	-
Contributions to allowance	(2 239 846)	(287 751)
Reversal of allowance	287 751	-
	<b>(2 239 846)</b>	<b>(287 751)</b>

#### 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.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand 2017 2016

### 5. Trade Receivables from exchange transactions (continued)

#### 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 2017 consumer debtors of R 153 191 (2016: R2 137 713) were past due but not impaired.

#### Consumer debtors impaired

As at 30 June 2017, consumer debtors of R 2 239 846 (2016: R 287 751 ) were impaired and provided for.

The amount of the allowance for impairment was R2 239 846 at 30 June 2017 (2016: R 287 751 ).

The ageing of these debtors is as follows:

91 to 120 days	64 988	6 888
121 days and more	2 174 858	280 863

### 6. Inventories

Consumable stores	1 925 675	1 788 291
Roads Inventory	64 236	357 517
Housing Stock	72 940	72 940
	<u>2 062 851</u>	<u>2 218 748</u>

No inventory has been pledged as security.

Consumables valued at R84 728 (2016: R304 396) were written off and recognised in the Statement of Financial Performance. This stock was found to be obsolete during the year end stock count. Inventory valued at R6 308 015 (2016: R 7 714 268) were expensed in the Statement of Financial Performance.

### 7. VAT receivable

VAT	<u>5 138 895</u>	<u>4 394 757</u>
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### 8. Receivables from non-exchange transactions

Government grants and subsidies	<u>179 824</u>	<u>-</u>
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#### 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.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand 2017 2016

### 8. Receivables from non-exchange transactions (continued)

#### 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 2017, receivables from non-exchange transactions of R - (2016: R -) were impaired and provided for.

#### Net balances

Government grants and subsidies	179 824	-
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#### Government grants and subsidies

Current (0 -30 days)	179 824	-
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#### Reconciliation of allowance for impairment of receivables from non-exchange transactions

Opening balance	-	-
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### 9. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	68 221 487	-	68 221 487	68 468 818	-	68 468 818
Buildings	49 746 348	(13 564 456)	36 181 892	50 052 552	(11 452 475)	38 600 077
Infrastructure	1 966 756	(995 385)	971 371	1 323 209	(957 864)	365 345
Furniture and fittings	7 661 245	(5 189 839)	2 471 406	7 637 664	(4 757 067)	2 880 597
Motor vehicles	44 239 038	(17 788 622)	26 450 416	40 954 717	(15 731 479)	25 223 238
Office equipment	22 788 121	(10 683 571)	12 104 550	19 064 199	(8 002 427)	11 061 772
Plant and equipment	16 574 260	(7 829 798)	8 744 462	15 480 346	(6 580 661)	8 899 685
Other property, plant and equipment	4 172 935	(529 269)	3 643 666	5 423 832	(1 900 572)	3 523 260
Leased assets - Cell phones To be capitalised	45 620	(27 422)	18 198	647 378	(520 625)	126 753
	-	-	-	-	-	-
<b>Total</b>	<b>215 415 810</b>	<b>(56 608 362)</b>	<b>158 807 448</b>	<b>209 052 715</b>	<b>(49 903 170)</b>	<b>159 149 545</b>

#### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	68 468 818	-	(247 331)	-	-	68 221 487
Buildings	38 600 077	527 252	(469 440)	-	(2 475 997)	36 181 892
Infrastructure	365 345	643 546	-	-	(37 520)	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	11 061 772	4 664 066	(940 144)	-	(2 681 144)	12 104 550
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	126 753	-	(64 334)	-	(44 221)	18 198
	<b>159 149 548</b>	<b>11 185 330</b>	<b>(2 200 834)</b>	<b>-</b>	<b>(9 326 596)</b>	<b>158 807 448</b>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand 2017 2016

### 9. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Land	70 003 977	-	(1 535 159)	-	68 468 818
Buildings	39 662 377	720 445	(1 190 959)	(591 786)	38 600 077
Infrastructure	191 116	202 701	-	(28 472)	365 345
Furniture and fittings	3 325 717	154 898	(21 879)	(578 139)	2 880 597
Motor vehicles	26 801 042	465 692	(169 653)	(1 873 843)	25 223 238
Office equipment	13 355 989	1 421 826	(1 692 061)	(2 023 982)	11 061 772
Plant and equipment	8 980 045	1 100 132	(69 312)	(1 111 180)	8 899 685
Other property, plant and equipment	3 565 142	314 563	(126 892)	(229 553)	3 523 260
Leased assets - Cell phones	155 327	15 294	-	(43 868)	126 753
	<b>166 040 732</b>	<b>4 395 551</b>	<b>(4 805 915)</b>	<b>(6 480 823)</b>	<b>159 149 545</b>

#### 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	676 566	-	6 784	683 350
Plant en 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
	<b>4 276 094</b>	<b>1 537 090</b>	<b>1 714 661</b>	<b>7 527 845</b>

#### Reconciliation of repairs and maintenance 2016

	Contracted services	Employee related cost	Materials and supplies	Total
Buildings	1 238 514	1 360 012	103 969	2 702 495
Office equipment	501 866	-	29 813	531 679
Plant and equipment	145 473	-	33 947	179 420
Furniture and fittings	131 240	-	15 149	146 389
Motor vehicle	1 972 668	-	368 962	2 341 630
Other	29 020	-	1 474	30 494
	<b>4 018 781</b>	<b>1 360 012</b>	<b>553 314</b>	<b>5 932 107</b>

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.

As at 30 June 2017 the municipality had a contractual commitment of R nil (2016: R 2 498 177) which relates to property, plant and equipment.

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

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand 2017 2016

### 10. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 185 544	(1 043 038)	1 142 506	2 019 865	(666 847)	1 353 018

#### Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software, other	1 353 018	165 680	(376 192)	1 142 506

#### Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software, other	1 237 920	377 692	(262 594)	1 353 018

### 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	20 082	-
Current portion	11 257	17 382
	<u>31 339</u>	<u>17 382</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.

### 12. Finance lease obligation

Finance lease liabilities relate to cellphones with a contract term of 24 months (2016: 24 months). Amounts are paid monthly in arrears and the interest rates are linked to the average investment rate, currently at 8.34% (2016: 10.5%), for the duration of the contract.

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.

Opening balance	12 982	38 826
Capitalised lease liability	-	15 294
Payments during the year	(9 528)	(41 138)
	<u>3 454</u>	<u>12 982</u>

#### Minimum lease payments due

- within one year	3 454	9 528
- in second to fifth year inclusive	-	3 455
	<u>3 454</u>	<u>12 983</u>

#### Present value of minimum lease payments

Non-current liabilities	-	3 454
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# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>12. Finance lease obligation (continued)</b>		
Current liabilities	3 454	9 528
	<b>3 454</b>	<b>12 982</b>

The comparative figures were restated. Refer to prior period error note 32.

### 13. Unspent conditional grants and receipts

**Unspent conditional grants comprises of:**

Community development workers	65 835	42 504
IDP support grant	1 473	66 552
Intergrated transport plan	-	1 570 199
Municipal system improvement grant	163	667 163
Municipal Performance Management Grant	236 100	236 100
Western Cape Financial management support grant	1 050 000	1 041 861
Public transport (Provincial)	-	185 412
Rural roads asset management system	127 299	2 379 889
Tirelo Bosha: Public service improvement	235 369	218 042
Water and sanitation	35 560	35 560
Local Government Graduate internship grant	30 000	-
Western Cape financial capacity building grant	2 117	-
Public contributions and donations	680 300	196 436
	<b>2 464 216</b>	<b>6 639 718</b>

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

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

### 14. Payables from exchange transactions

ACB's	4 195	2 011
Creditor accruals	2 859 001	1 524 892
Department of Environmental Affairs	330 045	851 985
Employee repayments	-	1 255
Other payables	134 872	133 232
Payments received in advanced	45 548	10 834
Retention	861 436	778 048
Roads function	5 656 610	10 216 859
Trade payables	286 326	257 699
Unclaimed funds	5 167	5 153
	<b>10 183 200</b>	<b>13 781 968</b>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>15. Employee benefits</b>		
<b>Short-term employee benefits</b>		
Employee benefit accruals	802 956	798 392
Short term: Medical aid liability	6 608 762	5 289 492
Provision staff leave	12 826 298	12 590 009
13th Cheque	4 100 563	3 654 893
Short term: Ex- gratia benefit	128 057	139 059
Short term: Long term service award	1 268 447	1 484 212
	<b><u>25 735 083</u></b>	<b><u>23 956 057</u></b>
<b>Other long term employee benefits</b>		
Long service award	10 134 940	9 822 530
<b>Post-employee benefits</b>		
Post-Retirement Medical aid benefits	144 042 124	137 595 254
Ex-gratia benefit	2 147 255	2 286 911
	<b><u>146 189 379</u></b>	<b><u>139 882 165</u></b>
Current liability	25 735 083	23 956 057
Non-current liability	156 324 319	149 704 695
	<b><u>182 059 402</u></b>	<b><u>173 660 752</u></b>

### 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 70% of the contribution payable should they be a member of a medical at retirement.

All continuation members and their eligible dependents receive a 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:

- 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	331	332
Average age	45,3	44,9
Average past service cost	R15,1 million	R14.8 million

#### Continuation members

Principal members	144	132
Average age	72,3	72,5

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>15. Employee benefits (continued)</b>		
<b>The amounts recognised in the Statement of Financial Position are -</b>		
Projected benefit obligation	150 650 885	142 884 746
<b>The obligation in respect of past services has been estimated as follows:</b>		
Active members	72 161 588	73 088 406
Continuation members	78 489 298	69 796 340
<b>Net obligation</b>	<b>150 650 886</b>	<b>142 884 746</b>
<b>The amounts recognised in the Statement of Financial Performance are -</b>		
Current service cost	4 747 947	4 563 849
Interest cost	12 613 740	12 199 776
Recognised actuarial (gains)/ losses	(3 620 669)	(12 050 806)
<b>Amount charged to Statement of Financial Performance</b>	<b>13 741 018</b>	<b>4 712 819</b>

The future service cost for the ensuing financial year is estimated to be R4 141 210, whereas the interest cost for the next year is estimated to be R14 067 577.

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

Opening benefit obligation liability	142 884 746	143 596 556
Payments to members	(5 974 878)	(5 424 629)
Charge to Statement of Financial Performance	13 741 018	4 712 819
<b>Closing benefit liability</b>	<b>150 650 886</b>	<b>142 884 746</b>

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 was taken from the bond yield curve at that component's duration, using an iterative process (because the yield depends on the liability, which in turn depends on the yield).

### Key actuarial assumptions

Discount rate	9,54 %	8,99 %
Health care cost inflation rate	7,85 %	8,12 %

Assumption	Change	Current service cost	Interest cost	Total	% change
Central Assumptions		4 747 900	12 613 700	17 361 600	
Health care inflation	1 %	5 872 200	14 615 200	20 487 400	18 %
	-1 %	3 877 100	10 981 800	14 858 900	-14 %
Discount rate	1 %	3 925 600	12 231 100	16 156 700	-7 %
	-1 %	5 820 100	12 922 200	18 812 300	8 %
Post- retirement mortality	-1 yr	4 907 500	13 108 100	18 015 600	4 %
Average retirement age	-1yr	4 876 500	13 088 100	17 964 600	3 %
Continuation of membership at retirement	-10 %	4 349 000	12 005 300	16 354 300	-6 %

Assumption	Change	In service	Continuation	Total	% change
Central assumptions	+1 %	72 162 000	78 489 000	150 651 000	
Health care inflation	+1 %	86 698 000	85 897 000	172 595 000	+15 %
	-1 %	60 584 000	72 017 000	132 601 000	-12 %
Discount rate	+1 %	60 837 000	72 165 000	133 002 000	-12 %
	-1 %	86 593 000	85 846 000	172 439 000	+14 %
Post- retirement mortality	-1 yr	74 453 000	81 647 000	156 100 000	+4 %
Average retirement age	-1 yr	77 442 000	78 489 000	155 932 000	+4 %



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand 2017 2016

### 15. Employee benefits (continued)

Continuation of membership at retirement	-10 %	65 365 000	78 489 000	143 855 000	-5 %
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### History of Liabilities, Assets and Experience Adjustments

	30 June 2013	30 June 2014	30 June 2015	30 June 2016	30 June 2017
Accrued liability	131 139 000	138 236 000	143 597 000	142 885 000	150 651 000
Experience adjustment	(6 855 000)	5 190 000	(6 068 000)	(9 608 000)	14 017 000

In terms of the memorandum of Agreement between the Western Cape Provincial Government, Department of Public Works and Transport, 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	29 420 183	36 937 937
Current service cost	1 242 586	1 136 634
Payment received from WCPG	(1 418 590)	(6 186 111)
Interest cost	3 144 415	3 116 526
Benefits paid	(1 771 910)	(1 813 889)
Interest on payments from WCPG	(671 722)	(255 307)
Actuarial loss/ (gain)	2 331 354	(3 515 607)
	<b>32 276 316</b>	<b>29 420 183</b>

### Reconciliation of employee benefit asset

Short term portion	2 317 867	1 814 448
Long term portion	29 958 449	27 605 735
	<b>32 276 316</b>	<b>29 420 183</b>

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 employees for ex- gratia pension	10	11
In- service employees eligible for lump sum benefit on retirement	9	11
Eligible former employees receiving ex- gratia pension	2	2
Eligible spouses receiving ex- gratia pension	5	5

### Average age in years

In- service employees for ex- gratia pension	56,20 %	54,50 %
In- service employees eligible for lump sum benefit on retirement	54,10 %	55,30 %
Eligible former employees receiving ex- gratia pension	63,00 %	62,00 %
Eligible spouses receiving ex- gratia pension	82,60 %	81,60 %

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>15. Employee benefits (continued)</b>		
<b>The amount recognised in the Statement of Financial Position are:</b>		
Projected benefit obligation	2 275 313	2 425 971
<b>The amount recognised in the Statement of Financial Performance are:</b>		
Interest cost	215 592	198 608
Recognised actuarial (Gain)/ Loss	336 114	303 950
	<b>551 706</b>	<b>502 558</b>

The future service cost for the ensuing financial year is estimated to be Rnil, whereas the interest cost for the next financial year is estimated to be R203 633.

The rate is calculated by using a liability-weighted average of yields for the three components of the liability. For each of the three 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	2 425 971	2 401 554
Payments to members	(702 364)	(478 141)
Actuarial (Gain)/ Loss	336 114	303 950
Interest and service cost	215 592	198 608
<b>Closed benefit obligation</b>	<b>2 275 313</b>	<b>2 425 971</b>

**Key actuarial assumptions**

Discount rate	9,20 %	9,14 %
Pension increase rate	7,09 %	7,75 %
Salary inflation rate	6,09 %	6,75 %

Assumption	Change	Employees	Pensioners	Total Liability	% change
Central assumption		1 907 224	368 089	2 275 313	
Benefit Increase rate	1 %	2 191 030	375 554	2 566 585	13 %
	-1 %	1 672 906	360 857	2 033 764	-11 %
Discount Rate	1 %	1 679 551	361 517	2 041 068	-10 %
	-1 %	2 186 969	374 980	2 561 949	13 %
Post- retirement mortality	-1yr	1 955 994	371 610	2 327 604	2 %
Average retirement age	-1yr	2 014 624	368 089	2 382 713	5 %

Assumption	Change	Interest cost	% change
Central Assumption		215 592	
Pensioners increase rate	+1 %	251 757	+17 %
	-1%	186 130	-14 %
Discount rate	+1 %	207 252	-4 %
	-1%	223 941	+4 %
Post- retirement mortality	-1 yr	221 875	+3 %
Average retirement age	-1 yr	227 051	+ 5 %

History of Liabilities, Assets and Experience Adjustments	30 June 2013	30 June 2014	30 June 2015	30 June 2016	30 June 2017
Accrued liability	4 193 617	2 812 858	2 401 554	2 425 971	2 275 313
Experience adjustment	(615 589)	(973 516)	(499 506)	372 632	589 506

**Long service awards**

The Municipality offers employees a long service award for every five 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.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>15. Employee benefits (continued)</b>		
Members	424	430
Average age in years	46	46
<b>The amounts recognised in the Statement of Financial Position are:</b>		
Projected benefit obligation	11 403 388	11 306 743
<b>The amounts recognised in the Statement of Financial Performance are:</b>		
Current service cost	767 605	738 528
Interest cost	901 096	825 931
Recognised actuarial (gain)/ losses	(337 083)	(110 250)
<b>Amount charged to Statement of Financial Performance</b>	<b>1 331 618</b>	<b>1 454 209</b>

The future service cost for the ensuing financial year is estimated to be R756 213, whereas the interest cost for the next financial year is estimated to be R904 840.

The rates are 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 was taken from the bond yield curve at that component's duration, using an iterative process (because the yield depends on the liability, which in turn depends on the yield).

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

Opening benefit obligation	11 306 743	11 146 671
Payment to members (benefits vesting)	(1 234 973)	(1 294 137)
Actuarial (Gain)/ Loss	(337 083)	(110 250)
Interest and service cost charged to Statement of Financial Performance	1 668 701	1 564 459
<b>Closing benefit obligation</b>	<b>11 403 388</b>	<b>11 306 743</b>

### Key actuarial assumptions

Discount rate	8,39%	8,52%
Salary inflation	6,21%	7,17%
Average retirement age	62,0	62,0

Assumptions	Change	Liability	% change
Central Assumption		11 403 000	
General salary inflation	+1%	12 101 000	+6%
	-1%	10 771 000	-6%
Discount rate	+1%	10 738 000	-6%
	-1%	12 150 000	7%
Average retirement age	+2 yrs	9 430 000	-17%
	-2 yrs	13 242 000	16%
Withdrawal rates	-50%	12 889 000	13%

Assumption	Change	Current service cost	Interest cost	Total	% change
Central assumption		767 600	901 100	1 668 700	
General sala inflation	1 %	834 400	963 500	1 797 900	8 %
	-1 %	708 500	844 700	1 553 200	-7 %
Discount rate	1 %	712 700	940 300	1 653 000	-1 %
	-1 %	830 700	854 600	1 685 300	1 %
Average retirement age	-2 yrs	656 300	728 500	1 384 800	-17 %
	+2 yrs	871 000	1 069 000	1 940 000	16 %
Withdrawal rates	-50%	951 400	1 027 200	1 978 600	19 %

History of Liabilities, Assets and Experience Adjustments	30 June 2013	30 June 2014	30 June 2015	30 June 2016	30 June 2017
Accrued liability	10 758 048	9 991 275	11 146 671	11 306 743	11 403 388

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand			2017	2016
<b>15. Employee benefits (continued)</b>				
Experience adjustment	-	(600 586)	581 153	295 235
				235 476

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.

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 is under the defined benefit section is 27%, 9% by the members and 23.06 % (period 1 February 2012 - 30 June 2014) and 26.77% (period 1 July 2014 - 30 June 2015) by their councils. The actuarial valuation report at 30 June 2016 disclosed an actuarial valuation amounting to R2, 037, 843,000 (30 June 2015 : R2, 136, 012,000), with a net accumulated surplus of R67,791,000 (2015 : R28, 015, 000), with a funding level of 103.5% (30 June 2015 : 101.4%).

#### Defined Contribution Scheme

The actuarial valuation report at 30 June 2016 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R1,960,970,000 (30 June 2015 : R1, 932 720,000), net investment reserve of R0 (30 June 2015 : R0) and with a funding level of 100% (2015 : 100%).

The actuary concluded that :

- The Pensioner account has a funding level of 103.5% with a surplus of R67.8 million and is in a sound financial condition as at the valuation date.
- There is a surplus of R49.1 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 106.1% with a surplus of R116.9 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 R116.9 million and the overall funding level of 103.0%.

The Trustees awarded a 4% pension increase effective 1 January 2017.

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.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
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### 15. Employee benefits (continued)

The actuary certified that The Pensioner Account was 103.5% funded with a surplus of R68 million and is in a sound financial condition. The funding level in respect of the DB active members was 0% with a surplus of R49 million. 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 R117 million and an overall funding level of 106.1%. 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) Cape Joint Retirement Fund

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%.

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) SAMWU National Provident Fund

The SAMWU National Provident 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 2014 revealed that the assets of the fund amounted to R6,574,775,000 (30 June 2011 : R4,021,622,000), with funding levels of 111.7% (30 June 2011: 111.1%). The investment smoothing reserve has remained unchanged at 4.6% of the market value of assets (or 5.5% of members' Fund Credits and the data reserve). The actuary certified that based on the 2014 valuation the Fund's assets are sufficient to cover the members' Fund Credits, Risk Benefits Reserve and the Data Reserve and to provide for an investment smoothing reserve of 5.55% of members' Fund Credits as at 30 June 2014. In addition, there is a substantial surplus of some R689.1 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 Acturay 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.

### 16. Accumulated surplus

#### Ring- fenced internal funds within accumulated surplus - 2017

	Capital replacement reserve	Government grant reserve	Accumulated surplus	Total
Opening balance	69 964 187	3 606 812	515 375 520	588 946 519
Offsetting of depreciation	-	(682 439)	682 439	-
Surplus for the year	-	-	23 849 042	23 849 042
Property, plant and equipment purchases	(10 681 362)	669 646	10 011 716	-
Contribution to CRR	8 000 000	-	(8 000 000)	-
	<b>67 282 825</b>	<b>3 594 019</b>	<b>541 918 717</b>	<b>612 795 561</b>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand 2017 2016

### 16. Accumulated surplus (continued)

#### Ring- fenced internal funds within accumulated surplus - 2016

	Capital replacement reserve	Government grant reserve	Accumulated surplus	Total
Opening balance	70 303 165	3 950 856	467 849 492	542 103 513
Offsetting of depreciation	-	(763 016)	763 016	-
Surplus for the year	-	-	46 843 006	46 843 006
Property, plant and equipment purchases	(4 338 978)	418 972	3 920 006	-
Donated/contributed property, plant and equipment	4 000 000	-	(4 000 000)	-
	<b>69 964 187</b>	<b>3 606 812</b>	<b>515 375 520</b>	<b>588 946 519</b>

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 32.

### 17. Service charges

Other service charges	628 905	2 301 573
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### 18. Rental of facilities and equipment

Premises	107 481	100 401
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### 19. Agency Services

Roads Agency	101 792 721	113 288 389
Working for Water	1 616 938	2 285 538
	<b>103 409 659</b>	<b>115 573 927</b>

### 20. Other income

Bad debt recovered	153 050	129 770
Brokerage	51 846	48 895
Electricity income (Eerste Begin)	14 195	11 758
Insurance income	286 260	110 984
Miscellaneous income	433 346	343 994
Miscellaneous road income	66 211	22 561
Municipal health income	472 608	287 053
Interest SARS (VAT)	438 875	15 568
Admin fee (RAMS)	134 150	-
SETA refund	306 173	405 664
Shop steward reimbursement	-	107 046
Tender document income	172 142	187 580
	<b>2 528 856</b>	<b>1 670 873</b>

The comparative figures were restated. Refer to prior period error note 32.

### 21. Investment revenue

<b>Interest revenue</b>		
Interest on investments	51 017 913	43 013 756
	<b>51 017 913</b>	<b>43 013 756</b>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>22. Government grants and subsidies</b>		
<b>Operating grants</b>		
Community Development Workers grant	51 669	48 838
Equitable share	4 090 000	6 172 000
Expanded Public Works	1 000 000	1 000 000
Local Government Financial Management Grant	1 250 000	1 250 000
Western Cape Financial Capacity Building Grant	117 883	-
IDP Support grant	65 079	69 660
Integrated Transport Plan	220 220	465 611
Municipal System Improvement Grant	-	262 838
Non - Motorised transport grant	-	394 186
Local Government Graduate Internship Grant	30 000	-
Western Cape financial management support grant	687 487	1 099 339
Rsc Levy Replacement grant	216 780 000	210 834 000
Rural roads asset management system	2 555 590	4 111
Sandhills - Toilet Hire	691 844	346 337
Greenest municipality	-	50 000
Tirelo Bosha: Pub Service Improvement	16 628	736 013
	<b><u>227 556 400</u></b>	<b><u>222 732 933</u></b>

### Unconditional

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

Equitable share	4 090 000	6 172 000
Rsc Levy Replacement grant	216 780 000	210 834 000
	<b><u>220 870 000</u></b>	<b><u>217 006 000</u></b>

### 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	42 504	19 342
Current-year receipts	75 000	72 000
Conditions met - transferred to revenue	(51 669)	(48 838)
	<b><u>65 835</u></b>	<b><u>42 504</u></b>

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

Strategic Objective: Community Developmental 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	66 552	136 212
Conditions met - transferred to revenue	(65 079)	(69 660)
	<b><u>1 473</u></b>	<b><u>66 552</u></b>

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

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
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### 22. Government grants and subsidies (continued)

Strategic Objective: Office of the Municipal Manager.

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

#### Integrated transport plan

Balance unspent at beginning of year	1 570 199	2 035 810
Conditions met - transferred to revenue	(220 220)	(465 611)
Refund of unspent portion	(1 349 979)	-
	<u>-</u>	<u>1 570 199</u>

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	-	393 472
Current-year receipts	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 250 000)	(1 250 000)
Other	-	(393 472)
	<u>-</u>	<u>-</u>

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 municipalities mSCOA, audit outcome, to implement National Treasury's internship programme and attaining minimum competencies.

#### Non Motorised Transport

Balance unspent at beginning of year	-	394 186
Conditions met - transferred to revenue	-	(394 186)
	<u>-</u>	<u>-</u>

Strategic Objective: Technical Services.

To improve pedestrian safety through the development of appropriate transport infrastructure.

#### Municipal Performance Management Grant

Balance unspent at beginning of year	236 100	36 100
Current-year receipts	-	200 000
	<u>236 100</u>	<u>236 100</u>

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)



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>22. Government grants and subsidies (continued)</b>		
Balance unspent at beginning of year	185 412	185 412
Refund of unspent portion	(185 412)	-
	-	<b>185 412</b>

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).

### Western Cape financial management support grant

Balance unspent at beginning of year	1 041 861	756 200
Current-year receipts	920 000	1 385 000
Conditions met - transferred to revenue	(687 487)	(1 099 339)
Refund of unspent portion	(224 374)	-
	<b>1 050 000</b>	<b>1 041 861</b>

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 the district funding research initiative, mSCOA related travel and subsistence. The funds that are available are committed for a District Asset Management Project as well as the internship co-ordination guidance project that will be finalised in the next financial year.

### Water and Sanitation

Balance unspent at beginning of year	35 560	35 560
--------------------------------------	--------	--------

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

Strategic Objective: Technical Services

No funds were utilised during the 2015/2016 and 2016/17 financial year, but the municipality will review its masterplans in the near future.

### Rural roads asset management system

Balance unspent at beginning of year	2 379 889	-
Current-year receipts	2 683 000	2 384 000
Conditions met - transferred to revenue	(2 555 590)	(4 111)
Refund of unspent portion	(2 380 000)	-
	<b>127 299</b>	<b>2 379 889</b>

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).

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
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### 22. Government grants and subsidies (continued)

#### Municipal Systems Improvement Grant

Balance unspent at beginning of year	667 163	-
Current-year receipts	-	930 000
Conditions met - transferred to revenue	-	(262 837)
Refund of unspent portion	(667 000)	-
	<b>163</b>	<b>667 163</b>

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.

#### Tirelo Bosha: Public service improvement

Balance unspent at beginning of year	218 042	-
Current-year receipts	33 955	954 055
Conditions met - transferred to revenue	(16 628)	(736 013)
	<b>235 369</b>	<b>218 042</b>

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

Current-year receipts	512 020	346 337
Receivable	179 824	-
Conditions met - transferred to revenue	(691 844)	(346 337)
	-	-

Strategic Objective: Technical Services.

The subsidy is allocated to the municipality as a refund for temporary toilets hired in Sandhills.

#### Greenest municipality

Current-year receipts	-	50 000
Conditions met - transferred to revenue	-	(50 000)
	-	-

Strategic Objective: Community Development and Planning Services.

To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing environmental and socio- economic programmes.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
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### 22. Government grants and subsidies (continued)

#### Expanded Public Works

Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
	-	-

Strategic Objective: Technical Services (see note 13).

This grant incentivises the municipality to expand work 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.

#### Graduate internship grant

Current-year receipts	60 000	-
Conditions met - transferred to revenue	(30 000)	-
	30 000	-

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

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

Current-year receipts	120 000	-
Conditions met - transferred to revenue	(117 883)	-
	2 117	-

Strategic Objective: Financial and Startegic 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.

### 23. Public contributions and donations

Contributions from Farmers	194 526	827 872
Upgrade of Rural Roads: De Novo	2 953 908	-
Upgrade of rural roads Farmers	-	218 316
	3 148 434	1 046 188

#### Reconciliation of conditional contributions

Balance unspent at beginning of year	196 436	381 002
Current-year receipts	3 632 298	861 622
Conditions met - transferred to revenue	(3 148 434)	(1 046 188)
	680 300	196 436

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

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand 2017 2016

### 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 the 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
	<b>196 436</b>	<b>3 632 298</b>	<b>(3 148 434)</b>	<b>680 300</b>
2016	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)	-	827 872	(827 872)	-
Road station road Ceres	381 002	33 750	(218 316)	196 436
	<b>381 002</b>	<b>861 622</b>	<b>(1 046 188)</b>	<b>196 436</b>

### 24. Employee related costs

Basic	95 462 704	86 677 302
Bonus	7 682 516	7 211 232
Medical aid - company contributions	10 269 151	9 761 977
UIF	768 871	703 263
WCA	1 036 883	790 006
Leave pay provision charge	1 070 474	1 340 170
Student work	1 642 086	1 012 609
Operators allowance	18 980	30 335
Defined contribution plans	16 763 666	14 457 711
Travel, motor car, accommodation, subsistence and other allowances	12 752 205	12 221 627
Overtime payments	6 053 069	5 029 982
Current service cost	4 272 966	4 165 743
Acting allowances	253 391	144 560
Actuarial loss/ (gain)	(5 952 992)	(8 345 120)
Housing benefits and allowances	4 515 113	4 085 396
Other allowances	4 893 436	4 494 464
Interest cost	10 586 013	10 174 096
Group schemes	1 100 094	1 253 470
Telephone and fax	583 223	345 640
	<b>173 771 849</b>	<b>155 554 463</b>

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)
	<b>1 331 618</b>	<b>551 706</b>	<b>13 741 018</b>	<b>(6 718 355)</b>	<b>8 905 987</b>

2016	Long service awards	Ex gratia	PRMA	Less: Funded asset	Total
Current service cost	738 528	-	4 563 849	(1 136 634)	4 165 743
Interest cost	825 931	198 608	12 266 083	(3 116 526)	10 174 096
Net actuarial (gains)/ losses recognised	(110 250)	303 950	(12 054 427)	3 515 607	(8 345 120)
	<b>1 454 209</b>	<b>502 558</b>	<b>4 775 505</b>	<b>(737 553)</b>	<b>5 994 719</b>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand 2017 2016

### 24. Employee related costs (continued)

#### Remuneration of senior management

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
	<b>3 309 834</b>	<b>658 546</b>	<b>807 831</b>	<b>767 239</b>	<b>5 543 450</b>
2016	Basic Salary	Car allowance	Contribution to UIF, medical and pension funds	Other	Total
Municipal Manager	967 810	120 000	247 564	230 675	1 566 049
Chief Financial Officer	495 216	240 000	139 399	373 704	1 248 319
ED: Community development and planning services	859 997	178 545	195 976	11 412	1 245 930
ED: Technical services	874 337	121 802	215 365	13 800	1 225 304
	<b>3 197 360</b>	<b>660 347</b>	<b>798 304</b>	<b>629 591</b>	<b>5 285 602</b>

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

#### Staff leave

Municipal Manager	58 822	190 311
Chief Financial Officer	51 849	96 086
ED: Community Development and Planning Services	57 034	87 020
ED: Technical Services	57 034	188 609
	<b>224 739</b>	<b>562 026</b>

### 25. Remuneration of councillors

Executive Mayor	892 959	946 380
Deputy Mayor	501 423	761 997
Speaker	743 654	761 997
Other Councillors	8 078 258	8 308 798
	<b>10 216 294</b>	<b>10 779 172</b>

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	62 079	743 655
Other Councillors	5 757 245	176 657	1 683 886	460 470	8 078 258
	<b>6 973 682</b>	<b>326 752</b>	<b>2 051 056</b>	<b>864 805</b>	<b>10 216 295</b>

2016	Salaries	Contribution to medical and pension funds	Car allowance	Other	Total
Executive Mayor	739 054	110 858	72 000	24 468	946 380

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>25. Remuneration of councillors (continued)</b>		
Deputy Mayor	451 619	105 709
Speaker	545 100	61 239
Other Councillors	5 911 492	496 588
	<b>7 647 265</b>	<b>774 394</b>
	111 752	1 525 771
	92 917	374 948
	54 468	8 308 799
	<b>546 801</b>	<b>10 779 172</b>

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	9 326 596	6 480 823
Intangible assets	376 191	262 594
	<b>9 702 787</b>	<b>6 743 417</b>

### 27. Finance costs

Finance leases	901	2 220

### 28. Debt impairment

Debt impairment	1 256 555	239 794

### 29. Repairs and maintenance

Roads maintenance	42 648 427	53 894 756
Buildings	4 032 050	2 898 243
Furniture and equipment	245 932	559 599
Maintenance contracts	1 862 216	2 253 989
Motor vehicles	5 599 274	5 905 369
	<b>54 387 899</b>	<b>65 511 956</b>

### 30. General expenses

Advertising	1 059 922	1 177 390
Bursaries (Grant funding)	117 883	-
Audit committee	105 076	98 552
Audit support	36 634	3 330
Auditors remuneration	2 566 701	2 310 176
Bank charges	85 683	75 783
Benevolent fund	144 500	135 633
Branding items	260 470	147 781
Bundling cost for early warning	157 350	152 890
Cape Winelands biosphere reserve	150 000	150 000
Cash handling	-	4 302
Chemicals	398 054	388 365
Cleaning	770 792	473 613
Clearing projects	1 507 438	2 035 538
Communications	2 224 235	1 680 012
Community development workers	51 669	48 838
Community works programme	-	101 149
Conferences and seminars	87 074	215 721
Consumables	448 380	394 122
Disciplinary hearings	-	365 324

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>30. General expenses (continued)</b>		
Electricity	2 801 069	2 532 580
Emergency aid	162 603	165 340
Entertainment	58 050	93 089
Equipment general items	490 676	515 305
Exhibitions and events	772 998	708 018
Fire breaks	433 565	699 311
Fire fighting special events	16 633 021	10 651 218
Flowers	10 290	925
Fuel and oil	7 173 440	7 164 970
Great Wine Capitals	476 981	581 972
Hiring of Sandhill toilets	691 844	346 337
IDP Project	65 079	69 660
IT expenses	699 788	364 456
Insurance	1 100 106	1 026 638
Integrated transport projects	1 168 434	1 977 991
LED information management	81 816	148 200
Levies	44 698	40 035
Lisence fees -radio	6 726	29 471
Magazines, books and periodicals	3 592	10 585
Maintenance contracts	307 300	307 300
Medical expenses	99 720	6 438
Motor vehicle expenses	124 672	120 053
Other expenses	519 819	392 452
Placement fees	33 089	17 078
Postage and courier	29 728	53 843
Printing and stationery	1 926 627	1 682 268
Professional fees***	5 577 426	3 193 679
Programme changes	75 732	61 329
Project - Various directorates**	35 497 045	27 676 174
Property only	2 111 244	1 506 577
Protective clothing	29 487	33 646
Public functions	88 690	361 836
Public participation	80 709	16 817
Refreshments	256 915	232 803
Refuse	78 942	73 768
Restructuring	17 544	10 675
Sector studies	16 628	736 013
Security (Guarding of municipal property)	1 943 176	1 761 394
Seta levies	1 452 361	1 329 399
Sewerage and waste disposal	234 089	221 816
Site expenditure	74 438	130 488
Software expenses	1 703 721	1 758 642
Stakeholder workshops	30 034	22 374
Study bursary fund	3 137 183	1 588 439
Subscriptions and membership fees	2 074 144	1 973 036
Supplier verification	-	16 137
Telephone and fax	3 804 343	3 415 723
Title deed search fees	615	410
Trade unions	114 437	139 846
Training	1 546 809	1 616 962
Translation	276 581	298 668
Travel	2 108 684	2 768 353
Uniforms	1 542 543	1 187 849
Upgrade rural roads	416 372	1 361 570
Venue expenses	136 217	47 746
Video/ DVD	35 880	28 400
Water	548 431	372 929
Water/food samples testing	1 371 162	1 340 806
Website development and maintenance	2 500	136 480
Workshops	72 253	72 204

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>30. General expenses (continued)</b>		
Year end function	1 074	149 835
	<b>112 545 001</b>	<b>95 306 875</b>
<b>Professional fees***</b>		
Legal services	36 086	38 830
System technical support	178 780	732 251
Accounting, advisory and training	831 336	494 205
Planning infrastructure	2 892 071	645 515
Research and consultancy fees	852 495	55 735
IT support	318 895	231 878
PMS system development	-	55 400
District funding reaseach initiative	467 763	939 865
	<b>5 577 426</b>	<b>3 193 679</b>
<b>Projects - Various directorates**</b>		
Accomodation and travel expenses	829 660	334 745
Advertising- local newspapers	276 980	97 038
Community support	3 275 561	1 360 000
Professional fees	1 649 611	2 232 972
Consumables	155 447	68 441
Contractor fees	11 994 263	12 123 688
Donation - Small Farmers	438 596	438 334
Educationals	490 390	449 741
Equipment- other	28 283	31 060
Events	5 163 682	3 112 066
Food parcels/ hampers	29 473	95 504
Printing and publications	83 164	30 460
Refreshments/ entertainment	117 875	37 935
Rental of facilities and equipment	665 663	221 106
Seed funding- Equipment and assistance	377 149	399 128
Solar warm water units	673 617	1 425 297
Specialised equipment	244 544	131 430
Tourism association development	150 000	140 000
Training	2 098 647	1 124 387
Transport	5 591 440	2 539 742
Water/ sanitation - farms	1 163 000	1 283 100
	<b>35 497 045</b>	<b>27 676 174</b>
<b>31. Auditors' remuneration</b>		
Fees	2 566 701	2 310 176



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand 2017 2016

### 32. 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 adjustments	Change in accounting policy	Restated
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	569 983 713	-	-	569 983 713
Trade receivables from exchange transactions	2 347 233	(219 562)	-	2 127 671
Other receivables from exchange transactions	14 413 520	(1 834)	-	14 411 686
Inventories	2 218 748	-	-	2 218 748
VAT receivable	4 383 748	11 009	-	4 394 757
Employee benefit asset	1 814 448	-	-	1 814 448
	<b>595 161 410</b>	<b>(210 387)</b>	<b>-</b>	<b>594 951 023</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	198 720 689	(19 287)	(39 551 857)	159 149 545
Intangible assets	1 353 018	-	-	1 353 018
Employee benefit asset	27 605 735	-	-	27 605 735
	<b>227 679 442</b>	<b>(19 287)</b>	<b>(39 551 857)</b>	<b>188 108 298</b>
Non-Current Assets	227 679 442	(19 287)	(39 551 857)	188 108 298
Current Assets	595 161 410	(210 387)	-	594 951 023
Non-current assets held for sale (and assets of disposal groups)	-	-	-	-
<b>Total Assets</b>	<b>822 840 852</b>	<b>(229 674)</b>	<b>(39 551 857)</b>	<b>783 059 321</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Payables from exchange transactions	13 741 582	40 386	-	13 781 968
Unspent conditional grants and receipts	6 639 718	-	-	6 639 718
Operating lease liability	-	17 382	-	17 382
Finance lease obligation	9 528	-	-	9 528
Employee benefit obligation	23 956 057	-	-	23 956 057
	<b>44 346 885</b>	<b>57 768</b>	<b>-</b>	<b>44 404 653</b>
<b>Non-Current Liabilities</b>				
Operating lease liability	17 382	(17 382)	-	-
Finance lease obligation	4 617	(1 163)	-	3 454
Employee benefit obligation	149 704 695	-	-	149 704 695
	<b>149 726 694</b>	<b>(18 545)</b>	<b>-</b>	<b>149 708 149</b>
Non-Current Liabilities	149 726 694	(18 545)	-	149 708 149
Current Liabilities	44 346 885	57 768	-	44 404 653
Liabilities of disposal groups	-	-	-	-
<b>Total Liabilities</b>	<b>194 073 579</b>	<b>39 223</b>	<b>-</b>	<b>194 112 802</b>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand			2017	2016
Assets	822 840 852	(229 674)	(39 551 857)	783 059 321
Liabilities	(194 073 579)	(39 223)	-	(194 112 802)
<b>Net Assets</b>	<b>628 767 273</b>	<b>(268 897)</b>	<b>(39 551 857)</b>	<b>588 946 519</b>
<b>Net Assets</b>				
Reserves				
Revaluation reserve	102 738 552	-	(102 738 552)	-
Accumulated surplus	526 028 721	(268 897)	63 186 695	588 946 519
<b>Total Net Assets</b>	<b>628 767 273</b>	<b>(268 897)</b>	<b>(39 551 857)</b>	<b>588 946 519</b>

### 32.1 Consumer debtors

Balance previously reported	2 347 233
Fire Services	(201 638)
Payment received in advance was reclassified	(10 042)
Write-off of debtors not accounted for	(7 882)
	<b>2 127 671</b>

The journal contains transactions regarding the withdrawal of two individual firefighting accounts that were levied twice, as well as the withdrawal of the firefighting accounts of Metrorail and Sanral. The latter has an agreement with CWDM that the fire fighting service will be delivered no cost.

Payment received in advance reclassified as trade receivables from exchange transactions

### 32.2 Other receivables from exchange transactions

Balance previously reported	14 413 520
LG Seta debtor correction	(7 500)
Road signs	(2 756)
LG Seta debtor (Impairment)	7 500
VAT: LG Seta debtor	922
	<b>14 411 686</b>

A debtor was raised in the 2014/2015 financial year for LG Seta based on calculations made by the municipality. During the 2016/2017 financial year LG Seta provided proof that the municipality raised the incorrect amount. The VAT as well as the provision for bad debt on the debtor was adjusted accordingly

Roads sign debtor incorrectly raised

### 32.3 VAT receivable

Balance previously reported	4 383 748
VAT: LG Seta debtor	(921)
Roads signs	338
SARS interest received	15 569
SARS VAT adjustment	(3 977)
	<b>4 394 757</b>

The VAT relates to the LG Seta debtor reversal.

Roads sign debtor incorrectly raised

The municipality was audited during the 2016/2017 financial year by SARS on submissions made during the previous financial year. The municipality received interest from SARS when the payment was made as the repayment was made after 21 days of submission.

The municipality did a correction on a VAT submission that was rejected by SARS in the 2016/2017 financial year.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>32.4 Property, plant and equipment</b>		
Balance previously reported		198 720 689
Change in measurement basis		(39 551 857)
Disposal, depreciaition and residual value correction		(19 287)
		<u>159 149 545</u>
See note 42, Change in accounting policy for detail on the change in measurement.		
Property, plant and equipment disposed incorrectly in previous years. Depreciation was also calculated incorrectly and revised.		
<b>32.5 Payables from exchange transactions</b>		
Balance previously reported		13 741 584
Creditor raised for unpaid contract payments 2014/2015		51 215
Payment received in advance was reclassified		(10 042)
Payment in advance recognise as income		(789)
		<u>13 781 968</u>
The ACB correction was classified from payables from exchange transactions to other receivables from exchange transactions.		
Payment received in advance reclassified as trade recievables from exchange transactions		
Payment in advance from 2014/2015 recognised as income.		
<b>32.6 Operating lease liability: current</b>		
Balance previosly reported		-
Operating lease reported as non current		17 382
		<u>17 382</u>
The operating leases was disclosed as non- current liability in the 2015/2016 financial year. The operating lease should have been disclosed as a current liability		
<b>32.7 Operating lease liability: non current</b>		
Balance previosly reported		17 382
Operating lease incorrectly reported		(17 382)
		<u>-</u>
The operating leases was disclosed as non- current liability in the 2015/2016 financial year. The operating lease should have been disclosed as a current liability.		
<b>32.8 Finance lease obligation: current</b>		
Balance previosly reported		4 617
Finace lease not recorded		(1 163)
		<u>3 454</u>
Cellphone leased addition not previously accounted not for.		
<b>32.9 Revaluation reserve</b>		
Balance previously reported		102 738 552
Change in measurement base		(102 738 552)
		<u>-</u>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

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Figures in Rand	2017	2016
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See note 42, Change in accounting policy for detail on the change in measurement.

### 32.10 Accumulated surplus

Balance previously reported	526 028 721
Change in measurement base	63 186 695
Change in Statement of financial performance	(268 897)
	<hr/>
	<b>588 946 519</b>

See note 42, Change in accounting policy for detail on the change in measurement.

Internet kiosk was disposed in the incorrect financial year.

Items corrected which incorrectly accounted for in previous financial years.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016		
<b>Statement of Financial Performance</b>				
	Audited	Prior year adjustments	Change in Accounting policy	Restated
<b>Revenue</b>				
<b>Revenue from exchange transactions</b>				
Service charges	2 503 212	(201 639)	-	2 301 573
Rental of facilities and equipment	100 401	-	-	100 401
Agency services	115 573 927	-	-	115 573 927
Other income	1 657 724	13 149	-	1 670 873
Interest received - investment	43 013 756	-	-	43 013 756
<b>Total revenue from exchange transactions</b>	<b>162 849 020</b>	<b>(188 490)</b>	<b>-</b>	<b>162 660 530</b>
<b>Revenue from non-exchange transactions</b>				
<b>Transfer revenue</b>				
Government grants and subsidies	222 732 933	-	-	222 732 933
Public contributions and donations	1 046 188	-	-	1 046 188
Fines, Penalties and Forfeits	5 000	-	-	5 000
<b>Total revenue from non-exchange transactions</b>	<b>223 784 121</b>	<b>-</b>	<b>-</b>	<b>223 784 121</b>
	162 849 020	(188 490)	-	162 660 530
	223 784 121	-	-	223 784 121
<b>Total revenue</b>	<b>386 633 141</b>	<b>(188 490)</b>	<b>-</b>	<b>386 444 651</b>
<b>Expenditure</b>				
Employee related costs	(155 554 463)	-	-	(155 554 463)
Remuneration of councillors	(10 779 172)	-	-	(10 779 172)
Depreciation and amortisation	(9 885 765)	93 759	3 048 589	(6 743 417)
Finance costs	(2 220)	-	-	(2 220)
Debt impairment	(239 609)	(185)	-	(239 794)
Repairs and maintenance	(65 511 956)	-	-	(65 511 956)
Bad debt written off	-	(7 697)	-	(7 697)
Lease rentals on operating lease	(359 446)	-	-	(359 446)
General Expenses	(95 302 900)	(3 975)	-	(95 306 875)
<b>Total expenditure</b>	<b>(337 635 531)</b>	<b>81 902</b>	<b>3 048 589</b>	<b>(334 505 040)</b>
	-	-	-	-
Total revenue	386 633 141	(188 490)	-	386 444 651
Total expenditure	(337 635 531)	81 902	3 048 589	(334 505 040)
<b>Operating surplus</b>	<b>48 997 610</b>	<b>(106 588)</b>	<b>3 048 589</b>	<b>51 939 611</b>
Loss on disposal of assets	(2 912 445)	-	(1 879 764)	(4 792 209)
Inventories: (Write-down)/reversal of write-down to net realisable value	(304 396)	-	-	(304 396)
	<b>(3 216 841)</b>	<b>-</b>	<b>(1 879 764)</b>	<b>(5 096 605)</b>
<b>Surplus for the year</b>	<b>45 780 769</b>	<b>(106 588)</b>	<b>1 168 825</b>	<b>46 843 006</b>
<b>32.11 Service charges</b>				
Balance previously reported				2 503 212
Fire services				(201 639)
				<b>2 301 573</b>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand

	2017	2016
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The journal contains transactions regarding the withdrawal of two individual firefighting accounts that were levied twice, as well as the withdrawal of the firefighting accounts of Metrorail and Sanral. The latter has an agreement with CWDM that the fire fighting service will be delivered no cost.

### 32.12 Other Income

Balance previously reported		1 657 724
Road signs		(2 419)
VAT interest		15 568
		<u>1 670 873</u>

Roads sign debtor incorrectly raised

The municipality was audited during the 2016/2017 financial year by SARS on submissions made during the previous financial year. The municipality received interest from SARS when the payment was made as the repayment was made after 21 days of submission

### 32.13 Depreciation and amortisation

Balance previously reported		(9 885 765)
Disposal, depreciaition and residual value correction		93 759
Change in measurement base		3 048 589
		<u>(6 743 417)</u>

See note 42, Change in accounting policy for detail on the change in measurement.

### 32.14 Debt impairment

Balance previously reported		(239 609)
Debtors write off		(7 882)
Debtors write off not accounted for		7 697
		<u>(239 794)</u>

Debtors write off reversed with regards to the 2015/2016 financial year

Debtors wrote off in the previous year was not accounted for.

### 32.15 Bad debt written off

Balance previously reported		-
Debt impairment reclassified as bad debt written off		(7 697)
		<u>(7 697)</u>

Debtors wrote off in the previous year was not accounted for.

### 32.16 General Expenses

Balance previously reported		(95 302 900)
VAT rejection		(3 975)
		<u>(95 306 875)</u>

### 32.17 Loss on disposal of assets

Balance previously reported		(2 912 445)
Change in measurement base		(1 879 764)
		<u>(4 792 209)</u>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
A change in the amount of cost price and depreciation due to the change in mesurment base led to a change in the loss recognised.		
<b>33. Cash generated from operations</b>		
Surplus	23 849 042	46 843 006
<b>Adjustments for:</b>		
Depreciation and amortisation	9 702 787	6 743 417
Gain on sale of assets and liabilities	2 181 097	4 792 209
Finance costs - Finance leases	901	2 220
Debt impairment	1 256 555	239 794
Movements in operating lease assets and accruals	13 957	8 145
Movements in retirement benefit assets and liabilities	5 542 517	8 260 770
Inventory write off	84 727	304 396
Acquisition of leased assets	-	(15 294)
<b>Changes in working capital:</b>		
Other receivables from exchange transactions	(1 087 552)	(2 215 583)
Trade Receivables from exchange transactions	571 526	(2 377 507)
Other receivables from non-exchange transactions	(179 824)	92 127
Payables from exchange transactions	(3 598 767)	7 250 718
VAT	(744 138)	(3 023 513)
Unspent conditional grants and receipts	(4 175 502)	2 266 422
Inventories	71 169	1 467 377
	<b>33 488 495</b>	<b>70 638 704</b>

### 34. 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	299 590	2 127 671
Other receivables from exchange transactions	12 952 366	11 911 161
Receivables from non- exchange transactions	179 824	-
Cash and cash equivalents	592 130 504	569 983 713
	<b>605 562 284</b>	<b>584 022 545</b>

#### Financial liabilities at amortised cost

Payables from exchange transactions	10 183 200	13 781 968
Finance lease obligation	3 454	12 982
Operating lease liability	31 339	17 382
	<b>10 217 993</b>	<b>13 812 332</b>

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

#### 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 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	10 183 200	-	-	-
Finance lease obligation	3 454	-	-	-
Operating lease liability	11 257	20 082	-	-

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand 2017 2016

### 34. Financial Instruments (continued)

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	13 781 968	-	-	-
Finance lease obligation	9 528	3 454	-	-
Operating lease liability	17 382	-	-	-

#### 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	2017	2016
Other receivables from exchange transactions	12 952 366	11 911 161
Trade receivables from exchange transactions	299 590	2 127 671
Cash and cash equivalents	592 130 504	569 983 713
Receivables from non- exchange transactions	179 824	-

#### 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 rates on financial instruments at balance sheet date are as follows:

The council has no outstanding loans as at 30 June 2017 (2016: R nil). The average interest rates on investments was 8.34% (2016: 7.43%). 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.

### 35. Going concern

We draw attention to the fact that at 30 June 2017, the Municipality had an accumulated surplus of R 612 795 561 (2016: R588 946 519) and that the municipality's total assets exceed its liabilities by R 612 795 561 (2016: 588 946 519).

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 58% of the Municipality's revenue. In addition, Provincial Allocations, including the rendering of Agency Services & Public Contributions account for a further 30%.



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>36. Unauthorised expenditure</b>		
<b>Reconciliation of Unauthorised expenditure</b>		
Opening balance	-	-
Approved by Council or condoned	-	-
	-	-
<b>Unauthorised expenditure awaiting authorisation</b>	<b>-</b>	<b>-</b>
<b>37. Fruitless and wasteful expenditure</b>		
<b>Reconciliation of Fruitless and wasteful expenditure</b>		
Opening balance	-	-
Fruitless and wasteful expenditure awaiting investigation by MPAC	-	-
Approved by Council	-	-
	-	-
<b>Fruitless and wasteful expenditure awaiting approval</b>	<b>-</b>	<b>-</b>
<b>38. Irregular expenditure</b>		
Opening balance	-	-
Irregular expenditure awaiting investigation by MPAC	-	-
Amounts established as irrecoverable and written-off	-	-
Amounts recoverable	-	-
Amounts not recoverable	-	-
	-	-
	-	-
<b>39. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>39.1 Contributions to organised local government</b>		
Current year subscription / fee	1 777 085	1 896 066
Amount paid - current year	(1 688 231)	(1 801 263)
Discount received 5% (5%: 2016)	(88 854)	(94 803)
	-	-
	-	-
<b>39.2 Audit fees</b>		
Current year audit fee: Auditor General	2 566 701	2 310 176
Current year audit fee: Audit Committee	105 076	98 552
Amount paid	(2 672 699)	(2 407 189)
	<b>(922)</b>	<b>1 539</b>
<b>39.3 PAYE, UIF and SDL</b>		
Current year subscription / fee	(27 955 803)	(25 623 794)
Amount paid - current year	27 955 803	25 623 794
	-	-
	-	-
<b>39.4 Pension and Medical Aid Deductions</b>		
Current year subscription / fee	(53 162 613)	(49 685 687)
Amount paid - current year	53 162 613	49 685 687
	-	-
	-	-

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
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### 39. Additional disclosure in terms of Municipal Finance Management Act (continued)

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

#### 39.5 VAT

VAT receivable	5 138 895	4 394 757
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All VAT returns have been submitted by the due date throughout the year.

#### 39.6 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 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
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
	<b>94 757</b>	<b>11 453</b>	<b>106 210</b>

#### 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.

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:

The then Cllr. C. Mcako 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.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>39. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>30 June 2016</b>		
	<b>Outstanding less than 90 days R</b>	<b>Outstanding more than 90 days R</b>
Cllr P Heradien (resigned 10/12/2014)	-	10 315
Cllr J.S. Mouton	-	11 359
Cllr M. Appollis (terminated 08/07/2015)	-	4 286
Cllr Mcako (resigned 29/06/2016)	1 138	-
	<u>1 138</u>	<u>25 960</u>
	<b>1 138</b>	<b>27 098</b>

During July 2015 the Municipality was informed of Cllr Appollis' termination on 08 July 2016 resulting in the receivable.

During July 2016 the Municipality was informed of Cllr Mcako's resignation on 29 June 2016, resulting in the receivable.

All the other outstanding accounts have been handed over to our debt collectors during the 2015/2016 financial year and summons has been issued where possible to ensure the recovery of the said debt.

### 39.7 Particulars of non-compliance

**a) Supply Chain Management Regulation 44 determines that the supply chain management policy of a municipality must, irrespective of the procurement process followed, state that the municipality may not make any award to a person, director, manager, principal shareholder or stakeholder who is in the service of the state.**

2017: No awards were made to a person, director, manager, principal shareholder or stakeholder in service of the state based on false declarations by the suppliers for the 2016/2017 financial year.

2016: No awards were made to a person, director, manager, principal shareholder or stakeholder in service of the state based on false declarations by the suppliers for the 2015/2016 financial year.

### 39.8 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 was made to local municipalities within the CWDM district for cultural projects in terms of service level agreements:

#### Intergovernmental allocations made to another municipality

Breede Valley Municipality	300 000	-
Drakenstein Municipality	300 000	-
Langeberg Municipality	300 000	-
Stellenbosch Municipality	300 000	-
Witzenberg Municipality	300 000	-
	<u>1 500 000</u>	<u>-</u>

### 40. Reconciliation between budget and annual financial statements

Reconciliation of variances between budget statement and the final budget:

#### 40.1 Statement of financial performance

Transfers recognized (Amount as per budget statement)	237 112 767	-
Upgrade of rural roads (farmers)	(393 000)	-
Upgrade of rural roads (De novo)	(4 120 000)	-
Contribution to private land owners	(250 000)	-
<b>Amount as per final approved budget</b>	<u><b>232 349 767</b></u>	<u><b>-</b></u>

Upgrade of rural roads (farmers), Upgrade of rural roads (De novo) and Contribution to private land owners were remapped from Income from exchange to income from non-exchange transactions to adhere to the standards of GRAP.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
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### 40. Reconciliation between budget and annual financial statements (continued)

Anticipated funding for the Roads function and Contributions from private land owners were remapped from Income from exchange to income from non-exchange transactions to adhere to the standards of GRAP.

A subsidy received for the agency function was mapped under Government Grants and Subsidies.

Upgrade of rural roads (farmers)	393 000	-
Upgrade of rural roads (De novo)	4 120 000	-
Contribution to private land owners	250 000	-
<b>Amount as per final approved budget</b>	<b>4 763 000</b>	-

Upgrade of rural roads (farmers), Upgrade of rural roads (De novo) and Contribution to private land owners were remapped from Income from exchange to income from non-exchange transactions to adhere to the standards of GRAP.

Debt impairment (Amount as per budget statement)	3 127 665	-
Debt impairment	(600 000)	-
<b>Amount as per final approved budget</b>	<b>2 527 665</b>	-

Based on prior year estimates for allowance for bad debt for the fire fighting debtor an adjustment was made to reduce the projected impairment. The savings identified was utilised for fire fighting services.

Lease rentals on operating lease (Amount as per budget statement)	-	-
Lease rentals	395 262	-
<b>Amount as per final approved budget</b>	<b>395 262</b>	-

Lease rentals on operating leases was remapped from general expenditure to adhere to the standards of GRAP.

Repairs and Maintenance (Amount as per budget statement)	-	-
Repairs and Maintenance	54 516 371	-
<b>Amount as per final approved budget</b>	<b>54 516 371</b>	-

Repairs and maintenance was remapped from general expenses to adhere to the standards of GRAP.

Bad debts written off (Amount as per budget statement)	-	-
Bad debts written off	23 000	-
<b>Amount as per final approved budget</b>	<b>23 000</b>	-

Bad debts written off was remapped from general expenses to adhere to the standards of GRAP.

Loss on disposal of assets and liabilities (Amount as per budget statement)	397 000	-
Loss on disposal of assets and liabilities	1 822 760	-
<b>Amount as per final approved budget</b>	<b>2 219 760</b>	-

The general expenses appropriation experienced savings due to various reasons and a decision was then taken to appropriate these savings to loss on disposal of assets due to the under estimation thereon.

General Expenses (Amount as per budget)	190 357 521	-
Repairs and Maintenance	(54 516 371)	-
Lease rentals on operating lease	(395 262)	-
Debt impairment	600 000	-
Loss on disposal of assets and liabilities	(1 822 760)	-
Performance evaluation Committee from Employee Related Cost	-	-

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>40. Reconciliation between budget and annual financial statements (continued)</b>		
Inventories losses / write downs	(85 000)	-
Bad debt written off	(23 000)	-
<b>Amount as per final approved budget</b>	<b>134 115 128</b>	<b>-</b>
Repairs and maintenance, Lease rental on operating lease, Inventories Losses / Write Downs and Bad debt written off were remapped from general expenditure to adhere to the standards of GRAP. Savings on general expenditure realised and was appropriated to Loss on disposal of assets and liabilities, Repairs and maintenance, Inventories losses / write downs and Bad debt written off.		
Inventories Losses/ Write Downs (Amount as per budget statement)	-	-
Inventories Losses/ Write Downs	85 000	-
<b>Amount as per final approved budget</b>	<b>85 000</b>	<b>-</b>
Inventories Losses / Write Downs was remapped from general expenses to adhere to the standards of GRAP.		
<b>40.2 Statement of financial position</b>		
Trade and other payables from exchange transactions (Amount as per budget statement)	16 000 000	-
Unspent conditional grant	(3 000 000)	-
<b>Amount as per final approved budget</b>	<b>13 000 000</b>	<b>-</b>
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	3 000 000	-
<b>Amount as per final approved budget</b>	<b>3 000 000</b>	<b>-</b>
Unspent conditional grants was remapped from trade and other payables to adhere to the standards of GRAP		
	-	-
<b>40.3 Cashflow statement</b>		
Suppliers and Employees (Amount as per budget statement)	385 539 381	-
Employee cost	(183 880 161)	-
Remuneration to councillors	(11 301 850)	-
Suppliers	(190 357 370)	-
<b>Amount as per final approved budget</b>	<b>-</b>	<b>-</b>
Remuneration to councillors, Employee cost and Suppliers was remapped to adhere to the standards of GRAP.		
Employee cost (Amount as per budget statement)	-	-
Employee cost	183 880 161	-
<b>Amount as per final approved budget</b>	<b>183 880 161</b>	<b>-</b>
Employee cost was remapped to adhere to the standards of GRAP.		
Remuneration of councillors (Amount as per budget statement)	-	-
Remuneration of councillors	11 301 850	-
<b>Amount as per final approved budget</b>	<b>11 301 850</b>	<b>-</b>
Remuneration of councillors was remapped to adhere to the standards of GRAP.		

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>40. Reconciliation between budget and annual financial statements (continued)</b>		
Suppliers (Amount as per budget statement)	-	-
Suppliers	190 357 370	-
	<b>190 357 370</b>	<b>-</b>

Suppliers was remapped to adhere to the standards of GRAP.

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

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

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	-
	<b>7 105 009</b>	<b>3</b>	<b>80</b>	<b>376</b>	<b>-</b>
2016	Total Value (incl. VAT)	Emergency	Sole Supplier/ Agent	Impractical	Impossible
July	1 700 322	-	28	112	-
August	2 724 036	1	36	49	-
September	1 312 725	3	45	83	-
October	1 030 737	-	22	70	-
November	1 338 199	-	44	65	-
December	494 283	1	7	51	-
January	346 125	2	8	52	-
February	643 079	-	4	43	-
March	487 324	-	10	36	-
April	244 158	-	11	36	-
May	437 645	-	20	17	-
June	672 386	-	3	113	-
	<b>11 431 019</b>	<b>7</b>	<b>238</b>	<b>727</b>	<b>-</b>

The Office of the Chief Procurement Officer clarified that transactions with organs of state as per section 110(2) of the MFMA are not deviations in terms of Regulation 36(1)(a) and (b) of the MFMA; hence these transactions are excluded and the 2015/2016 financial year adjusted accordingly.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016		
<b>41. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005 (continued)</b>				
<b>41.2 Regulation 45</b> - 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)				
<b>Organ of State/ Municipality</b>	<b>Supplier</b>	<b>Relationship</b>	<b>2017</b>	<b>2016</b>
<b>Breede Valley Municipality</b>	Kleinplasia Restaurant	Spouse	-	1 200
<b>Cape Winelands District Municipality</b>				
- E. Niemand	C Bar Landscaping Close Corporation	Cousin	256 893	-
- L. Burger	AE Human T/A Astra Catering	Child	507 424	241 045
- C. Roland	C E Minnar t/a Exquisite High Tea Close Corporation	Son/Daughter-in-law	144 677	105 749
- E. Niemand	M & N Bakwerkwe Close Corporation	Brother/Sister	7 684	50 305
- V.H Africa	America Busdiens	Child	123 580	-
- J. Mostert	Vallei Auto Herstelwerke Proprietary Limited	Child	30 562	53 331
<b>City of Cape Town</b>				
	NCC Environmental Services Proprietary Limited	Spouse	619 041	-
<b>Department of Agriculture</b>				
	BK Enterprises	Spouse	1 400	15 400
	Masiqhame Trading 77 Close Corporation	Child	96 920	-
<b>Department of Correctional Services</b>				
	Gryde Enterprises Proprietary Limited	Child	9 500	-
<b>Department of Economic Development and Tourism</b>				
	SMEC South Africa Proprietary Limited	Spouse	2 760 442	127 680
<b>Department of Education</b>				
	J Walters t/a J C Travel	Spouse	220 050	30 600
	Lumber & Lawn Proprietary Limited	Spouse	9 552	22 232
	Piston Power Chemicals Close Corporation	Spouse	399 627	150 056
	Robertson Shell Trust	Spouse	285 206	-
	Valley Furnerals (Worcester)	Spouse	15 250	12 000
	Kings Catering	Sister	106 100	-
	Essential Office Supplies Close Corporation	Spouse	-	6 119
<b>Department of Health</b>				
	Berlin Construction & Logistics Proprietary Limited	Child	12 122	-
	Moreson Grondverskuiwers BK	Child	14 023 458	11 516 130
	Mubesko Afrika Close Corporation	Spouse	-	39 052
	Pestec Close Corporation	Spouse	-	3 591
<b>Department of Higher Education</b>				
	Altimax Proprietary Limited	Spouse	-	463 074
<b>Department of Justice</b>				

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand			2017	2016
<b>41. Disclosures in terms of the Municipal Supply Chain Management Regulations, 2005 (continued)</b>				
	Faure and Faure Incorporated	Spouse	9 329	-
	Solomon Funerals	Spouse	-	1 500
<b>Drakenstein Municipality</b>				
	S Pietersen t/a SP Health and Sanitation	Parent	89 940	-
<b>National House Building Council</b>				
	While It's Day	Spouse	-	1 820
<b>South Africa Police Services</b>				
	Ajee Consultancy Close Corporation	Spouse	96 545	35 455
	JAH Guide Davids Agriculture Proprietary Limited	Spouse	539 874	-
	JC Refrigeration Cape Close Corporation	Spouse	-	7 797
	T B van der Merwe H/A VDM Busdiens	Child	-	35 600
<b>Various relations to owners</b>				
	Aurecon South Africa Proprietary Limited	Spouse	87 722	272 278
	Gibb Proprietary Limited	Other family	263 340	-
			<b>20 716 238</b>	<b>13 192 014</b>

## 42. Changes in accounting policy

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year, except for the adoption of the following directive:

- Directive 11- Changes in measurement basis following the initial adoption of standards of GRAP.

### Change in measurement base

During the year, the municipality changed its accounting policy with respect to the treatment of land and buildings. In order to confirm with the treatment of GRAP 17, cost base. The municipality applied Directive 11, which permits a municipality to change its measurement base following the initial adoption of the Standards of GRAP. The change is based on the principles in the Standards of GRAP on Accounting Policies, Changes in Estimates and Errors.

Land and buildings were initially measured on the revaluation model and fair value model respectively. On application of Directive 11 the cost model will be applied retrospectively on land and buildings.

The aggregate effect of the changes in accounting policy on the financial statements for the year ended 30 June 2016 is as follows:

The reconciliation below excludes the prior year errors as reflected in note 32 of the annual financial statements.

### Statement of financial position

#### Property, plant and equipment

Previously stated	-	198 720 689
Adjustment	-	(39 551 857)
	-	<b>159 168 832</b>

#### Revaluation reserve

Previously stated	-	102 738 552
Adjustment	-	(102 738 552)
	-	-



# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>42. Changes in accounting policy (continued)</b>		
<b>Accumulated surplus</b>		
Previously stated	-	526 028 721
Adjustment	-	63 186 695
	-	<b>589 215 416</b>
<b>Statement of Financial Performance</b>		
<b>Depreciation and amortisation</b>		
Previously stated	-	9 885 765
Adjustment	-	(3 048 589)
	-	<b>6 837 176</b>
<b>(Loss)/ gain on disposal of assets and liabilities</b>		
Previously stated	-	(2 912 445)
Adjustment	-	(1 879 764)
	-	<b>(4 792 209)</b>
<b>43. Commitments</b>		
<b>Commitments in respect of capital expenditure</b>		
<b>Already contracted but not provided for</b>		
• Property, plant and equipment	-	2 498 177
<b>Total capital commitments</b>	-	<b>2 498 177</b>

The capital commitment for the 2015/2016 financial year related to the late delivery of the IVECO Trakker 380 chassis - tender no 2015/060.

The production scheduling in Italy was affected by the fact that the European countries are converting from Euro 5 to Euro 6 fuel in June 2016. This meant that the demand for Euro 5 units to be supplied before the deadline, increased beyond available production capacity causing allocation of production slots to be pushed out. The vehicle was delivered during the course of the 2016/2017 financial year.

### 44. Contingencies

#### 44.1 Contingent liabilities

(i) 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.

*(2016: Delictual claim for damages in the amount of R451 000. At the 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. This process is currently pending.)*

(ii) 2017: It was stated that this case 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 reposted 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.

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

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Figures in Rand	2017	2016
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### 44. Contingencies (continued)

*(2016: 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 (Mr Albert van Schalkwyk) died on 20 September 2012 in a motor cycle accident on the Annandale Road, Stellenbosch, allegedly due to a pothole in the road. It was stated that they are still in the process to quantify the damages of Mrs Cordy and her 3 children. The Municipality's insurance brokers are dealing with this claim on its behalf.)*

(iii) 2017: The status of the summons received for D Ladopoulos' car: CA30330, that was allegedly damaged because of a pothole at or near Van Riebeeck Road, Rawsonville on or about 4 March 2012 remains the same as reported on in the previous year.

*(2016: Summons received for D Ladopoulos' car: CA30330, that was allegedly damaged because of a pothole at or near Van Riebeeck Road, Rawsonville on or about 4 March 2012. The amount of the claim is R 15 481.58 plus 15.5% interest per annum from date of demand to the date of payment. The Municipality's insurance brokers are dealing with this claim on its behalf.)*

(iv) 2017: The Municipality is still waiting on the outcome of 4 public liability claims and 7 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.

#### 44.2 Contingent assets

(i) The Municipality is still awaiting the outcome of 16 insurance claims that were not concluded at 30 June 2017. The claims are not specific to the 2016/2017 financial year.

*(The Municipality is still awaiting the outcome of 35 insurance claims that were not concluded at 30 June 2016. The claims are not specific to the 2015/2016 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.

### 45. Related parties

**The following related parties exist:**

National Treasury

Provincial Government Western Cape

National Department of Environmental Affairs

Stellenbosch Municipality

Drakenstein Municipality

Brede Valley Municipality

Langeberg Municipality

Witzenberg Municipality

Municipal Manager (M. Mgajo)

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

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# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>45. Related parties (continued)</b>		
Cllr D. Swart (Deputy Executive Mayor)	Reappointed from 17/08/2016 and Deputy Ex Mayor from 01/09/2016	
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	Reappointed 16/08/2016	
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	Reappointed 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	

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>45. Related parties (continued)</b>		
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	
Ald. C.A. De Bruyn	Term ended 09/08/2016	
Cllr. H.M. Jansen	Term ended 09/08/2016	
Ald. (Dr.) N.E. Kahlberg (Retired)	Term ended 09/08/2016	
Cllr. X.L. Mdemka	Term ended 09/08/2016	
Cllr. J.R.F. Torr	Term ended 09/08/2016	
Cllr. J.J. Abrahams	Term ended 09/08/2016	
Cllr. M.N. Bushwana	Term ended 09/08/2016	
Cllr. C.C. Brink	Term ended 09/08/2016	
Cllr. W.L. Chaaban	Term ended 09/08/2016	
Cllr. J.B. Cronje	Term ended 09/08/2016	
Cllr. Z.L. Gwada	Term ended 09/08/2016	
Cllr. N.D. Hani	Term ended 09/08/2016	
Cllr. D.A. Hendrickse	Term ended 09/08/2016	
Cllr. D.B. Janse	Term ended 09/08/2016	
Cllr. B.J. Kriegler	Term ended 09/08/2016	
Cllr. J. Matthee	Term ended 09/08/2016	
Cllr. J.K. Hendriks	Term ended 09/08/2016	
Cllr. S.W. Nyamana	Term ended 09/08/2016	
Cllr. S. Ross	Term ended 09/08/2016	
Cllr. G. Stalmeester	Term ended 09/08/2016	
Cllr. M.S. Tayitayi	Term ended 09/08/2016	

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

Figures in Rand 2017 2016

### 45. Related parties (continued)

Cllr. M.H. Yabo	Term ended 09/08/2016
Cllr. CC van der Westhuizen	Term ended 09/08/2016
Cllr. A.F. Africa	Term ended 09/08/2016

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 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

#### 2017

#### Mayoral bursary fund allocations paid to institutions on behalf of beneficiaries

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.

#### 2016

*Cllr (Dr) H von Schlicht serves as a Director at Hugenote College from 21 October 2010. Cllr (Dr) H von Schlicht has been designated by the Executive Mayor to serve on the Mayoral Bursary Fund Committee which has been established 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, in order to ensure efficiency and transparency. As a member of the Mayoral Bursary Fund Committee her role was to, together with the other Mayoral Bursary Fund Committee members, assess and evaluate the list of bursary applications in terms of the Mayoral Bursary Fund policy and to make bursary award recommendations to the Executive Mayor for final approval, as well as also to evaluate the progress and performance of students. Payments in respect of Mayoral Bursary Fund allocations were made to a Service Provider of the Municipality, Hugenote College.*

Opening balance	-	-
Allocation to Hugenote College on behalf of beneficiaries	152 500	36 000
Payments made to Hugenote College	(152 500)	(36 000)
	<u>-</u>	<u>-</u>

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

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2017

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### 45. Related parties (continued)

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.

### 46. Change in estimate

#### Property, plant and equipment

##### Buildings

During the year under review the municipality performed an assessment on the residual value buildings. The assessment led to changes in the residual value of buildings from 50% to 0% (decrease in depreciation). The effect of the change in estimate in the 2016/2017 financial year led to an decrease in depreciation of R1 867 753 as well as a decrease in depreciation of R 22 741 794 for 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

##### Other receivables from exchange transactions

The variance is due to a decreased allowance for impairment as a result of bad debt recovered in respect of an LG Seta debtor.

##### Receivables from exchange transactions

The variance is due to an increased allowance for impairment on firefighting debtors compared to the previous year.

##### Inventories

The variance is due to the fact that the Municipality are keeping lower levels of Roads Inventory at its stores.

##### Receivables from non- exchange transactions

The variance is due to the reclassification from Trade receivables from exchange transactions to Receivables from non-exchange transactions.

##### Vat receivable

VAT claims will be paid to the Municipality after year end.

##### Employee benefit asset

The amount recovered from the Department of Public Works was more the municipality anticipated that it will be able to recover.

##### Non-Current Assets

# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

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Figures in Rand

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

#### Property, plant and equipment

The municipality spent approximately 96% of its capital budget. The variance is due to the fact that building maintenance construction in the Roads Division did not realise as anticipated. The acquisition of ICT equipment savings as a result of VAT input claimed on acquisitions also contributed to the said underspending.

#### Intangible Assets

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

#### Employee benefit asset

The amount recovered from the Deptment of Pubc Works was more the municipality anticipated that it will be able to recover.

#### Liabilities

##### Current Liabilities

##### Operating lease liability

No provision was made for operating lease liability.

##### Finance lease obligation

Anticipated policy changes were effected, however the effect of the phase out of the current policy were not considered in the budget process. The municipality is phasing out the use of cellphone contracts and replacing it with cellphone allowances. The phase out will reflect going forward.

##### Unspent Conditional Grants and receipts

The Municipality refunded all unspent grant funding that was allocated in respect of the rural roads asset management system.

##### Payables from exchange transactions

Due to past trends the municipality made a provision for the Roads Agency function in line with the previous years. The payable for the Roads function for the 2016/2017 financial year is far less than the previous financial year due to backlogs; hence reduced claims submitted by the Roads Division.

##### Non-Current Liabilities

##### Operating lease liability

Refer to comment above.

##### Net Assets

##### Revaluation Reserve

The Municipality effected a change in accounting policy in terms of Directive 11 by changing from the revaluation to the cost model. The full extend thereof was not known during the budget process.

##### Accumulated Surplus

Variance as result of savings on employee related cost as well as general expenditure . Actuarial gain significantly more than anticipated.

### 47.2 Statement of Financial Performance

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# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

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Figures in Rand

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

#### Revenue from exchange transactions

##### Service Charges

Service Charges mainly relate to fire fighting services accounts. During the 2016/2017 financial year the Cape Winelands District experienced an abnormal prolonged fire season resulting in increased service charges. In the previous years the municipality experienced difficulty in collecting the fire account debtors and therefore a conservative approach was followed with the budgeting for service charges.

##### Rental of Facilities and Equipment

Rental Income was over projected and anticipated income from organisations serving the poor did not realise.

##### Other Income

Other income consist of income sources which the municipality cannot accurately project. These income sources consist of insurance claims, health certificates issued and income received for tenders issued.

#### Revenue from non-exchange transactions

##### Transfer revenue

##### Public Contributions and Donations

A portion of the funds received for the upgrade of the De Novo Road was refunded as a result of the project cost being less than initially anticipated.

#### Expenditure

##### Depreciation and Amortisation

The variance in depreciation is due to capital acquisitions and construction that occurred towards the end of the second half of the financial year after the conclusion of the Adjustments Budget. The change in accounting policy from revaluation to a cost model contributed to this variance.

##### Finance Cost

A new cellphone policy came into effect where cellphone contracts are being replaced with cellphone allowances, hence the finance cost estimation could not be determined accurately.

##### Debt Impairment

The Municipality provide for impairment on those fire fighting debtors outstanding for more than 60 days, excluding those debtors for which payments have been received in 2017/2018 and the allowance for impairment was adjusted accordingly.

##### General Expenses

This expenditure category consists of various items. A large portion of the expenditure is classified as projects and reflects a saving of approximately R5 million. Due to grant funding received in the latter part of the year it was impossible to spend these funds by the end of the financial year and the municipality applied for a roll over of the grant funds. VAT claimed on expenses added to this underspending.

##### Loss on disposal of assets and liabilities

The variance is due to change in accounting policy from the revaluation to cost model.

### 47.3 Cashflow statement

#### Employee cost

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# Cape Winelands District Municipality

Financial Statements for the year ended 30 June 2017

## Notes to the Financial Statements

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Figures in Rand

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

The cashflow budget was not adequately adjusted in accordance with the actual expenditure.

#### **Proceeds on sale of assets**

At the time of the adjustments budget the municipality did not foresee that assets will be sold.

#### **Purchase of Intangible assets**

Refer to reasons provided above.

#### **Finance lease payments**

Refer to reasons provided above.

DC2 Cape Winelands DM - Reconciliation of Table A1 Budget Summary

Description	2016/17								2015/16			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>R thousands</b>												
<b>Financial Performance</b>												
Property rates	-	-	-	-		-	-	-				-
Service charges	170	-	170	629		459	369,9%	369,9%				-
Investment revenue	40 188	7 812	48 000	51 018		3 018	106,3%	126,9%				-
Transfers recognised - operational	232 244	4 869	237 113	230 705		(6 408)	97,3%	99,3%				-
Other own revenue	116 878	(2 465)	114 413	106 048		(8 365)	92,7%	90,7%				-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>389 480</b>	<b>10 216</b>	<b>399 696</b>	<b>388 400</b>		<b>(11 296)</b>	<b>97,2%</b>	<b>99,7%</b>				-
Employee costs	188 210	(4 330)	183 880	173 772	-	(10 108)	94,5%	92,3%	-	-	-	-
Remuneration of councillors	11 587	(285)	11 302	10 216	-	(1 086)	90,4%	88,2%	-	-	-	-
Debt impairment	126	2 402	2 528	1 257	-	(1 271)	49,7%	99,7,3%	-	-	-	-
Depreciation & asset impairment	9 313	1 305	10 618	9 703	-	(915)	91,4%	104,2%	-	-	-	-
Finance charges	34	(20)	14	1	-	(13)	6,4%	2,7%	-	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	180 210	11 144	191 355	169 602	-	(21 752)	88,6%	94,1%	-	-	-	-
<b>Total Expenditure</b>	<b>389 480</b>	<b>10 216</b>	<b>399 696</b>	<b>364 551</b>	-	<b>(35 145)</b>	<b>91,2%</b>	<b>93,6%</b>	-	-	-	-
<b>Surplus/(Deficit)</b>	-	-	-	<b>23 849</b>		<b>23 849</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>				-
Transfers recognised - capital	-	-	-	-		-	-	-				-
Contributions recognised - capital & contributed assets	-	-	-	-		-	-	-				-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	-	-	<b>23 849</b>		<b>23 849</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>				-
Share of surplus/ (deficit) of associate	-	-	-	-		-	-	-				-
<b>Surplus/(Deficit) for the year</b>	-	-	-	<b>23 849</b>		<b>23 849</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>				-
<b>Capital expenditure &amp; funds sources</b>												
<b>Capital expenditure</b>												
Transfers recognised - capital	1 645	(637)	1 008	709		(299)	70,3%	43,1%				-
Public contributions & donations	-	-	-	-		-	-	-				-
Borrowing	-	-	-	-		-	-	-				-
Internally generated funds	16 849	(6 073)	10 776	10 642		(134)	98,8%	63,2%				-
<b>Total sources of capital funds</b>	<b>18 494</b>	<b>(6 710)</b>	<b>11 784</b>	<b>11 351</b>		<b>(433)</b>	<b>96,3%</b>	<b>61,4%</b>				-
<b>Cash flows</b>												
Net cash from (used) operating	9 439	4 718	14 157	33 488		19 332	236,6%	354,8%				-
Net cash from (used) investing	(18 494)	6 710	(11 784)	(11 331)		453	96,2%	61,3%				-
Net cash from (used) financing	-	-	-	(10)		(10)	#DIV/0!	#DIV/0!				-
<b>Cash/cash equivalents at the year end</b>	<b>484 984</b>	<b>11 428</b>	<b>572 356</b>	<b>592 131</b>		<b>19 774</b>	<b>103,5%</b>	<b>122,1%</b>				-

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

Description	2016/17								2015/16			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue - Standard</b>												
<i>Governance and administration</i>	263 134	10 099	273 233	276 002		2 768	101,0%	104,9%				-
Executive and council	44 316	7 774	52 090	56 191		4 101	107,9%	126,8%				
Budget and treasury office	218 300	1 937	220 237	219 213		(1 024)	99,5%	100,4%				
Corporate services	518	388	906	598		(309)	66,0%	115,4%				
<i>Community and public safety</i>	10 409	(715)	9 694	8 773		(920)	90,5%	84,3%				-
Community and social services	75	43	118	52		(66)	44,0%	68,9%				
Sport and recreation	-	-	-	-		-	-	-				
Public safety	181	-	181	717		536	396,0%	396,0%				
Housing	9 906	(760)	9 146	7 530		(1 616)	82,3%	76,0%				
Health	247	2	249	475		226	190,6%	192,1%				
<i>Economic and environmental services</i>	115 912	832	116 744	105 342		(11 403)	90,2%	90,9%				-
Planning and development	366	34	400	126		(274)	31,5%	34,5%				
Road transport	111 147	798	111 945	103 708		(8 237)	92,6%	93,3%				
Environmental protection	4 399	-	4 399	1 507		(2 892)	34,3%	34,3%				
<i>Trading services</i>	-	-	-	-		-	-	-				-
Electricity	-	-	-	-		-	-	-				
Water	-	-	-	-		-	-	-				
Waste water management	-	-	-	-		-	-	-				
Waste management	-	-	-	-		-	-	-				
<i>Other</i>	25	-	25	31		6	122,8%	122,8%				
<b>Total Revenue - Standard</b>	<b>389 480</b>	<b>10 216</b>	<b>399 696</b>	<b>390 147</b>		<b>(9 549)</b>	<b>97,6%</b>	<b>100,2%</b>				<b>-</b>
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>	128 830	(25 185)	103 645	95 194	(8 452)	(8 452)	91,8%	73,9%	-	-	-	-
Executive and council	36 388	(6 552)	29 836	23 511	(6 325)	(6 325)	78,8%	64,6%				
Budget and treasury office	20 716	3 529	24 245	21 301	(2 944)	(2 944)	87,9%	102,8%				
Corporate services	71 726	(22 162)	49 564	50 382	818	818	101,6%	70,2%				
<i>Community and public safety</i>	127 497	22 421	149 918	141 574	(8 343)	(8 343)	94,4%	111,0%	-	-	-	-
Community and social services	14 680	9 237	23 917	22 506	(1 412)	(1 412)	94,1%	153,3%				
Sport and recreation	-	-	-	-		-	-	-				
Public safety	57 316	11 368	68 684	66 547	(2 136)	(2 136)	96,9%	116,1%				
Housing	20 535	(783)	19 752	17 212	(2 540)	(2 540)	87,1%	83,8%				
Health	34 966	2 598	37 564	35 309	(2 256)	(2 256)	94,0%	101,0%				
<i>Economic and environmental services</i>	127 639	13 127	140 766	124 448	(16 318)	(16 318)	88,4%	97,5%	-	-	-	-
Planning and development	7 877	1 762	9 639	8 799	(840)	(840)	91,3%	111,7%				
Road transport	113 922	12 108	126 030	112 363	(13 668)	(13 668)	89,2%	98,6%				
Environmental protection	5 840	(743)	5 097	3 286	(1 811)	(1 811)	64,5%	56,3%				
<i>Trading services</i>	-	-	-	-		-	-	-				-
Electricity	-	-	-	-		-	-	-				
Water	-	-	-	-		-	-	-				
Waste water management	-	-	-	-		-	-	-				
Waste management	-	-	-	-		-	-	-				
<i>Other</i>	5 514	(147)	5 367	5 083	(285)	(285)	94,7%	92,2%				
<b>Total Expenditure - Standard</b>	<b>389 480</b>	<b>10 216</b>	<b>399 696</b>	<b>366 298</b>	<b>(33 398)</b>	<b>(33 398)</b>	<b>91,6%</b>	<b>94,0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23 849</b>	<b>23 849</b>	<b>23 849</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Vote Description	2016/17								2015/16			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	4 790	34	4 824	1 664		(3 160)	34,5%	34,7%				
Vote 2 - COMM AND DEV	428	2	430	1 191		761	277,1%	278,4%				
Vote 3 - ENGINEERING	10 041	(539)	9 502	7 872		(1 630)	82,8%	78,4%				
Vote 4 - RURAL AND SOCIAL	75	43	118	52		(66)	44,0%	68,9%				
Vote 5 - OFFICE OF THE MM	-	328	328	65		(263)	19,8%	#DIV/0!				
Vote 6 - FINANCIAL SERVICES	218 300	1 937	220 237	219 213		(1 024)	99,5%	100,4%				
Vote 7 - CORPORATE SERVICES	44 699	7 833	52 532	56 602		4 070	107,7%	126,6%				
Vote 8 - ROADS AGENCY	111 147	578	111 725	103 488		(8 237)	92,6%	93,1%				
Vote 9 - TASK	-		-			-	-	-				
Vote 10 - HEALTH AGENCY												
Vote 11 - CORPORATE SERVICES												
Example 12 - Vote12												
Example 13 - Vote13												
Example 14 - Vote14												
Example 15 - Vote15												
<b>Total Revenue by Vote</b>	<b>389 480</b>	<b>10 216</b>	<b>399 696</b>	<b>390 147</b>		<b>(9 549)</b>	<b>97,6%</b>	<b>100,2%</b>				<b>-</b>
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN	19 231	871	20 103	17 168		(2 935)	85,4%	89,3%				
Vote 2 - COMM AND DEV	92 282	13 966	106 248	101 856		(4 392)	95,9%	110,4%				
Vote 3 - ENGINEERING	38 772	9 015	47 787	38 318		(9 468)	80,2%	98,8%				
Vote 4 - RURAL AND SOCIAL	14 680	9 237	23 917	22 506		(1 412)	94,1%	153,3%				
Vote 5 - OFFICE OF THE MM	7 334	5 351	12 685	11 055		(1 631)	87,1%	150,7%				
Vote 6 - FINANCIAL SERVICES	20 716	3 529	24 245	21 301		(2 944)	87,9%	102,8%				
Vote 7 - CORPORATE SERVICES	89 635	(46 616)	43 019	43 397		378	100,9%	48,4%				
Vote 8 - ROADS AGENCY	100 303	12 872	113 175	103 488		(9 687)	91,4%	103,2%				
Vote 9 - TASK	-		-			-	-	-				
Vote 10 - HEALTH AGENCY												
Vote 11 - CORPORATE SERVICES	6 527	1 989	8 516	7 209		(1 307)	84,7%	110,5%				
Example 12 - Vote12												
Example 13 - Vote13												
Example 14 - Vote14												
Example 15 - Vote15												
<b>Total Expenditure by Vote</b>	<b>389 480</b>	<b>10 216</b>	<b>399 696</b>	<b>366 298</b>	<b>-</b>	<b>(33 398)</b>	<b>91,6%</b>	<b>94,0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23 849</b>		<b>23 849</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>				

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

Description	2016/17								2015/16			
	Original Budget	Budget Adjustments (I.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates			-			-	-					
Property rates - penalties & collection charges			-			-	-					
Service charges - electricity revenue			-			-	-					
Service charges - water revenue			-			-	-					
Service charges - sanitation revenue			-			-	-					
Service charges - refuse revenue			-			-	-					
Service charges - other	170	-	170	629		459	369.9%	369.9%				
Rental of facilities and equipment	132	-	132	107		(25)	81.4%	81.4%				
Interest earned - external investments	40 188	7 812	48 000	51 018		3 018	106.3%	126.9%				
Interest earned - outstanding debtors	-	-	-	-		-	-	-				
Dividends received	-	-	-	-		-	-	-				
Fines	-	2	2	2		-	100.0%	#DIV/0!				
Licences and permits	-	-	-	-		-	-	-				
Agency services	115 317	(2 453)	112 864	103 410		(9 455)	91.6%	89.7%				
Transfers recognised - operational	232 244	4 869	237 113	230 705		(6 408)	97.3%	99.3%				
Other revenue	1 429	(14)	1 415	2 529		1 114	178.7%	177.0%				
Gains on disposal of PPE	-	-	-	-		-	-	-				
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>389 480</b>	<b>10 216</b>	<b>399 696</b>	<b>388 400</b>		<b>(11 296)</b>	<b>97.2%</b>	<b>99.7%</b>				
<b>Expenditure By Type</b>												
Employee related costs	188 210	(4 330)	183 880	173 772		(10 108)	94.5%	92.3%				
Remuneration of councillors	11 587	(285)	11 302	10 216		(1 086)	90.4%	88.2%				
Debt impairment	126	2 402	2 528	1 257		(1 271)	49.7%	997.3%				
Depreciation & asset impairment	9 313	1 305	10 618	9 703		(915)	91.4%	104.2%				
Finance charges	34	(20)	14	1		(13)	6.4%	2.7%				
Bulk purchases	-	-	-	-		-	-	-				
Other materials	-	-	-	-		-	-	-				
Contracted services	-	-	-	-		-	-	-				
Transfers and grants	-	-	-	-		-	-	-				
Other expenditure	179 791	9 344	189 135	167 421		(21 714)	88.5%	93.1%				
Loss on disposal of PPE	419	1 801	2 220	2 181		(39)	98.3%	520.5%				
<b>Total Expenditure</b>	<b>389 480</b>	<b>10 216</b>	<b>399 696</b>	<b>364 551</b>	<b>-</b>	<b>(35 145)</b>	<b>91.2%</b>	<b>93.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23 849</b>		<b>23 849</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>				
Transfers recognised - capital			-			-	-	-				
Contributions recognised - capital			-			-	-	-				
Contributed assets			-			-	-	-				
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23 849</b>		<b>23 849</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>				
Taxation			-			-	-	-				
<b>Surplus/(Deficit) after taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23 849</b>		<b>23 849</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>				
Attributable to minorities			-			-	-	-				
<b>Surplus/(Deficit) attributable to municipality</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23 849</b>		<b>23 849</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>				
Share of surplus/ (deficit) of associate			-			-	-	-				
<b>Surplus/(Deficit) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23 849</b>		<b>23 849</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>				

DC2 Cape Winelands DM - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2016/17								2015/16			
	Original Budget	Total Budget Adjustments (I.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure</b>												
Example 1 - Vote1			-									
Example 2 - Vote2			-									
Example 3 - Vote3			-									
Example 4 - Vote4			-									
Example 5 - Vote5			-									
Example 6 - Vote6			-									
Example 7 - Vote7			-									
Example 8 - Vote8			-									
Example 9 - Vote9			-									
Example 10 - Vote10			-									
Example 11 - Vote11			-									
Example 12 - Vote12			-									
Example 13 - Vote13			-									
Example 14 - Vote14			-									
Example 15 - Vote15			-									
<b>Capital multi-year expenditure</b>												
<b>Single-year expenditure</b>												
Vote 1 - REGIONAL DEVELOPMENT AND PLAN												
Vote 2 - COMM AND DEV	5 974	(1 499)	4 474	4 460		(14)	100%	75%				
Vote 3 - ENGINEERING	3 414	2 343	5 756	5 681		(75)	99%	166%				
Vote 4 - RURAL AND SOCIAL	15	-	9	8		(1)	95%	55%				
Vote 5 - OFFICE OF THE MM	2	64	66	-		(66)						
Vote 6 - FINANCIAL SERVICES	203	(79)	130	129		(1)	99%	63%				
Vote 7 - CORPORATE SERVICES	7 240	(6 908)	340	363		24	107%	5%				
Vote 8 - ROADS AGENCY	1 645	(637)	1 008	709		(299)	70%	43%				
Vote 9 - TASK	-	-	-	-		-						
Vote 10 - HEALTH AGENCY	-	-	-	-		-						
Vote 11 - CORPORATE SERVICES	2	(1)	1	1		(0)	88%	56%				
Example 12 - Vote12	-	-	-	-		-						
Example 13 - Vote13	-	-	-	-		-						
Example 14 - Vote14	-	-	-	-		-						
Example 15 - Vote15	-	-	-	-		-						
<b>Capital single-year expenditure</b>	18 494	(6 704)	11 784	11 351		(433)	96%	61%				
<b>Total Capital Expenditure - Vote</b>	18 494	(6 704)	11 784	11 351		(433)	96%	61%				
<b>Capital Expenditure - Standard</b>												
<b>Governance and administration</b>	10 851	(4 565)	6 286	6 168		(119)	98%	57%				
Executive and council	4	(3)	1	1		(0)	88%	28%				
Budget and treasury office	203	(73)	130	129		(1)	99%	63%				
Corporate services	10 644	(4 489)	6 155	6 038		(118)	98%	57%				
<b>Community and public safety</b>	5 989	(1 506)	4 483	4 468		(15)	100%	75%				
Community and social services	15	(6)	9	8		(1)	95%	55%				
Sport and recreation	-	-	-	-		-						
Public safety	5 949	(1 503)	4 446	4 434		(12)	100%	75%				
Housing	-	-	-	-		-						
Health	25	4	29	28		(1)	91%	106%				
<b>Economic and environmental services</b>	1 655	(640)	1 015	715		(299)	70%	43%				
Planning and development	-	-	-	-		-						
Road transport	1 655	(640)	1 015	715		(299)	70%	43%				
Environmental protection	-	-	-	-		-						
<b>Trading services</b>												
Electricity	-	-	-	-		-						
Water	-	-	-	-		-						
Waste water management	-	-	-	-		-						
Waste management	-	-	-	-		-						
<b>Other</b>												
<b>Total Capital Expenditure - Standard</b>	18 494	(6 710)	11 784	11 351		(433)	96%	61%				
<b>Funded by:</b>												
National Government												
Provincial Government	1 645	(637)	1 008	709		(299)	70%	43%				
District Municipality	-	-	-	-		-						
Other transfers and grants	-	-	-	-		-						
Transfers recognised - capital	1 645	(637)	1 008	709		(299)	70%	43%				
Public contributions & donations	-	-	-	-		-						
Borrowing	16 849	(6 073)	10 776	10 642		(134)	99%	63%				
Internally generated funds	-	-	-	-		-						
<b>Total Capital Funding</b>	18 494	(6 710)	11 784	11 351		(433)	96%	61%				

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

Description	2016/17							2015/16
	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
R thousand	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Ratepayers and other	117 048	(2 465)	114 583	106 025	(8 558)	92,5%	90,6%	
Government - operating	232 244	4 869	237 113	230 705	(6 408)	97,3%	99,3%	
Government - capital	-	-	-	-	-	-	-	
Interest	40 188	7 812	48 000	50 248	2 248	104,7%	125,0%	
Dividends	-	-	-	-	-	-	-	
<b>Payments</b>								
Suppliers and employees	(380 007)	(5 532)	(385 539)	(353 490)	32 050	91,7%	93,0%	
Finance charges	(34)	34	-	-	-	-	-	
Transfers and Grants	-	-	-	-	-	-	-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>9 439</b>	<b>4 718</b>	<b>14 157</b>	<b>33 488</b>	<b>19 332</b>	<b>236,6%</b>	<b>354,8%</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	-	-	-	20	20	#DIV/0!	#DIV/0!	
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	
<b>Payments</b>								
Capital assets	(18 494)	6 710	(11 784)	(11 351)	433	96,3%	61,4%	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(18 494)</b>	<b>6 710</b>	<b>(11 784)</b>	<b>(11 331)</b>	<b>453</b>	<b>96,2%</b>	<b>61,3%</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	
<b>Payments</b>								
Repayment of borrowing	-	-	-	(10)	(10)	#DIV/0!	#DIV/0!	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10)</b>	<b>(10)</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(9 055)</b>	<b>11 428</b>	<b>2 373</b>	<b>22 147</b>				<b>-</b>
Cash/cash equivalents at the year begin:	494 039	-	569 984	569 984				
Cash/cash equivalents at the year end:	484 984	11 428	572 356	592 131	19 774	103,5%	122,1%	

<b>Mayoral Bursary Allocation to Relatives of Employees</b>		
Relatives of employees of CWDM were awarded bursaries to assist with the funding of tertiary studies. Bursaries were awarded in accordance with the terms and conditions as set out in the CWDM Mayoral Bursary Fund Policy.		
	<b>2017</b>	<b>2016</b>
WM Neethling	<b>R 89 701</b>	<b>R 97 890</b>
TJ Solomon		<b>R 30 000</b>
RWB van Wyk	<b>R 40 000</b>	<b>R 30 000</b>
LP Woolward	<b>R 9 650</b>	<b>R 16 000</b>
EA Niemand	<b>R 40 000</b>	
VR de Wee	<b>R 25 076</b>	



**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	2017	2016
MEYER ELECTRICAL AND CONSTRUCTION	Business Associate	Cllr. P Maraan - Breede Valley	BMMX Trading Proprietary Limited	1 647 734	1 931 079
				<b>1 647 734</b>	<b>1 931 079</b>

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.