



DAWID KRUIPER MUNICIPALITY

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2018

DAWID KRUIPER MUNICIPALITY

Financial Statements For the Year Ended 30 June 2018

GENERAL INFORMATION

NATURE OF BUSINESS

Dawid Kruiper Municipality is a local municipality performing the functions as set out in the Constitution (Act no 105 of 1996).

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998) and are classified as a medium capacity municipality.

JURISDICTION

The Dawid Kruiper Municipality includes the following areas:

Upington	Welkom	Swartkopdam	Lambrechtsdrift
Leerkrans	Philandersbron	Rietfontein	Sesbrugge
Kalksloot	Noenieput	Askham	Klein Mier
Karos	Andriesvale	Loubos	Groot Mier

The total population of Dawid Kruiper Municipality is 100 497 (STATS 2011 for //Khara Hais Local Municipality and Mier Local Municipality) and the jurisdiction size is 44 231 km².

MEMBERS OF COUNCIL:

LA Koloi	Executive Mayor
M Segede	Speaker
E Mnyaka	Member of Executive Committee
E Lebitsa	Member of Executive Committee
J Moya	Member of Executive Committee
M Eiman	Member of Executive Committee
M Andreas	Member of Executive Committee
S Masikani	Member of Executive Committee
M W Davids	Councillor
F Olifant	Councillor
L Stander	Councillor
A C C Morkel	Councillor
S D Dubeni	Councillor
B Kalote	Councillor
F T van der Steen	Councillor
J H Opperman	Councillor
B L B Bosman	Councillor
M Maasdorp	Councillor
S Rooi	Councillor
M Klaaste	Councillor
K de Wee	Councillor
M Plaatjies	Councillor
D J Coetzee	Councillor
I I S S Selborne	Councillor
J C Esau	Councillor
P S J Isaacs	Councillor
S Sandlana	Councillor
N Ross	Councillor
B J Snyders	Councillor
J Assegaai	Councillor
D Visagie	Councillor

SENIOR MANAGEMENT:

Municipal Manager:	E Ntoba
Director: Corporate Services:	C M Newman
Chief Financial Officer:	G M Schreiner
Director: Community Services:	G M Bovu
Director: Electro-Mechanical Services:	A B Snyders
Director: Civil Engineering Services:	J E Kock
Director: Planning and Development Services:	Vacant

DAWID KRUIPER MUNICIPALITY

Financial Statements For the Year Ended 30 June 2018

GENERAL INFORMATION

<u>GRADING OF LOCAL AUTHORITY:</u>	Grade 4
<u>AUDITORS:</u>	Auditor-General (Northern Cape)
<u>PRIMARY BANKERS:</u>	ABSA Bank Ltd
<u>RELEVANT LEGISLATION:</u>	
Municipal Finance Management Act (Act no 56 of 2003)	
Division of Revenue Act	
The Income Tax Act	
Value Added Tax Act	
Municipal Structures Act (Act no 117 of 1998)	
Municipal Systems Act (Act no 32 of 2000)	
Municipal Planning and Performance Management Regulations	
Water Services Act (Act no 108 of 1997)	
Housing Act (Act no 107 of 1997)	
Municipal Property Rates Act (Act no 6 of 2004)	
Electricity Act (Act no 41 of 1987)	
Skills Development Levies Act (Act no 9 of 1999)	
Employment Equity Act (Act no 55 of 1998)	
Unemployment Insurance Act (Act no 30 of 1966)	
Basic Conditions of Employment Act (Act no 75 of 1997)	
Supply Chain Management Regulations, 2005	
Collective Agreements	
Infrastructure Grants	
SALBC Leave Regulations	
<u>PHYSICAL ADDRESS:</u>	Civic Centre Market Street Upington 8800
<u>POSTAL ADDRESS:</u>	Private Bag X6003 Upington 8800
<u>TELEPHONE NUMBER:</u>	(054) 338 7000
<u>FAX NUMBER:</u>	(054) 338 7350
<u>WEBSITE:</u>	www.dkm.gov.za
<u>EMAIL ADDRESSES:</u>	
Municipal Manager	manager@dkm.gov.za
Chief Financial Officer	cfo@kharahais.gov.za

DAWID KRUIPER MUNICIPALITY

Financial Statements For the Year ended 30 June 2018

GENERAL INFORMATION

Approval of financial statements for the year ended 30 June 2018.

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 102, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

Date signed

DAWID KRUIPER MUNICIPALITY

Financial Statements For the Year ended 30 June 2018

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DAWID KRUIPER MUNICIPALITY



DAWID KRUIPER MUNICIPALITY STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Note	2018 Restated R	2018 Original R	2017 Restated R
ASSETS				
Non-current assets		2 298 326 472	2 304 244 697	2 415 202 296
Property, plant and equipment	1.1	1 671 252 288	1 677 170 514	1 813 611 851
Intangible assets	1.2	5 908 742	5 908 742	3 745 809
Investment Property	1.3	616 647 064	616 647 064	593 335 161
Heritage Assets	1.4	4 509 475	4 509 475	4 509 475
Non-current receivables from Exchange Transactions	2	8 904	8 904	-
Current assets		157 550 572	157 550 572	127 678 161
Inventory	3	5 676 297	5 676 297	9 647 686
Trade Receivables from Exchange Transactions	4	61 326 811	61 326 811	61 955 489
Trade receivables from non-exchange transactions	4	12 320 680	12 320 680	12 215 587
Operating Lease Asset	5	134 020	134 020	92 517
Cash and Cash Equivalents	6	76 582 442	76 582 442	43 754 318
Current Portion of Non-Current Receivables	2	4 938	4 938	12 563
Taxes	15	1 505 385	1 505 385	-
TOTAL ASSETS		2 455 877 044	2 461 795 270	2 542 880 456
NET ASSETS AND LIABILITIES				
Non-current liabilities		288 197 119	314 761 683	366 198 530
Non-Current Borrowings	7	105 315 136	105 315 136	104 020 707
Non-Current Employee Benefits	9	100 777 736	100 777 736	104 252 743
Non-Current Provisions	10	82 104 247	108 668 811	157 925 079
Current liabilities		212 828 276	192 181 938	181 935 991
Current Portion of Non-Current Borrowings	7	9 876 274	9 876 274	8 715 878
Consumer Deposits	11	11 469 143	11 469 143	10 867 850
Current Employee Benefits	9	4 387 353	4 387 353	3 626 012
Provisions	12	45 753 170	25 106 832	50 371 844
Trade and Other Payables from Exchange Transactions	13	110 400 017	110 400 017	85 695 485
Unspent Conditional Grants and Receipts	14	30 942 319	30 942 319	19 078 711
Taxes	15	-	-	3 580 211
Net assets		1 954 851 649	1 954 851 649	1 994 745 936
Accumulated Surplus	16	1 954 851 649	1 954 851 649	1 994 745 936
TOTAL NET ASSETS AND LIABILITIES		2 455 877 044	2 461 795 270	2 542 880 456

DAWID KRUIPER MUNICIPALITY



**DAWID KRUIPER MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018	2018	2017	2017
		Restated R	Original R	Restated R	Audited R
REVENUE					
Revenue from Non-Exchange Transactions		244 254 227	244 254 227	190 740 967	190 740 967
Taxation Revenue		93 322 624	93 322 624	75 405 729	75 405 729
Property rates	17	93 322 624	93 322 624	75 405 729	75 405 729
Transfer Revenue		120 973 392	120 973 392	106 859 423	106 859 423
Government grants and subsidies	18	120 973 392	120 973 392	106 859 423	106 859 423
Other Revenue		29 958 212	29 958 212	8 475 816	8 475 816
Actuarial Gain	9	22 680 636	22 680 636	4 010 960	4 010 960
Fines, Penalties and Forfeits	19	7 277 576	7 277 576	4 464 856	4 464 856
Revenue from Exchange Transactions		403 987 803	403 987 803	365 200 214	365 200 214
Agency Services		2 528 957	2 528 957	4 208 176	4 208 176
Interest Earned - External Investments		4 523 220	4 523 220	2 843 965	2 843 965
Interest Earned - Outstanding Receivables		3 453 589	3 453 589	2 984 790	2 984 790
Operational Revenue	20	3 637 876	3 637 876	1 397 877	1 397 877
Rental from Fixed Assets	21	8 718 732	8 718 732	8 171 090	8 171 090
Sale of Goods and Rendering of Services	22	7 856 816	7 856 816	6 664 476	6 664 476
Service Charges	23	371 687 572	371 687 572	337 358 824	337 358 824
Licences and permits	24	1 581 041	1 581 041	1 571 017	1 571 017
TOTAL REVENUE		648 242 030	648 242 030	555 941 182	555 941 182
EXPENDITURE		685 258 721	685 258 721	561 752 005	561 752 005
Bad Debts Written Off		1 405 359	1 405 359	4 716 229	4 716 229
Bulk Purchases	25	176 912 356	176 912 356	159 260 360	159 260 360
Contracted Services	26	15 345 077	15 345 077	13 021 130	13 021 130
Depreciation and Amortisation	27	103 881 361	103 881 361	78 844 418	78 844 418
Employee related costs	28	305 627 187	305 627 187	238 227 731	238 227 731
Finance Costs	29	12 019 218	12 019 218	11 838 334	11 838 334
Inventory Consumed	30	25 676 577	25 676 577	17 169 490	17 169 490
Remuneration of councillors	31	10 833 419	10 833 419	8 513 674	8 513 674
Operational Cost	32	32 629 013	32 629 013	29 640 086	29 640 086
Transfers and Subsidies	33	929 155	929 155	520 555	520 555
OPERATING SURPLUS / (DEFICIT) FOR THE YEAR / PERIOD		(37 016 691)	(37 016 691)	(5 810 823)	(5 810 823)
Gains / (Loss) on Inventory		(9 347)	(9 347)	(347 025)	(347 025)
Reversal of Impairment Loss / (Impairment Loss) on Receivables		(18 188 118)	(18 188 118)	(13 692 572)	(13 692 572)
Gains / (Loss) on Sale of Assets		(6 790 523)	(6 790 523)	1 758 307	1 758 307
Reversal of Impairment Loss / (Impairment Loss) on Assets		(208 576)	(208 576)	(224 794)	(224 794)
Profit / (Loss) on Fair Value Adjustments		22 318 967	22 318 967	22 528 554	22 528 554
NET SURPLUS / (DEFICIT) FOR THE YEAR / PERIOD		(39 894 288)	(39 894 288)	4 211 646	4 211 646

DAWID KRUIPER MUNICIPALITY



Statement of Changes in Net Assets for the Year Ended 30 June 2018

	Accumulated Surplus	Total
	R	R
2016		
Balance at 6 August 2016	1 996 036 897	1 996 036 897
Surplus / Deficit) for the period - refer to note 36.07	(5 502 607)	(5 502 607)
Restated Balance	1 990 534 290	1 990 534 290
Surplus / Deficit) for the period - refer to note 36.08	4 211 646	4 211 646
Restated Balance 30 June 2017	1 994 745 937	1 994 745 937
Surplus / (Deficit) for the Year	(39 894 288)	(39 894 288)
Balance at 30 June 2018	1 954 851 649	1 954 851 649

DAWID KRUIPER MUNICIPALITY



Cash Flow Statement for the Year Ended 30 June 2018

			6 August 2016 - 30 June 2017 2017
	Note	2018 R	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts			
Ratepayers and other		456 586 192	449 717 004
Government Grants and Subsidies - Operational	18	86 781 238	71 495 113
Government Grants and Subsidies - Capital	18	34 192 154	35 364 310
Interest		7 976 809	5 828 755
Payments			
Suppliers and employees		(485 867 110)	(469 495 953)
Transfers and Grants	33	(929 155)	(520 555)
Finance Costs	29	(12 019 218)	(11 838 334)
Net Cash flow from operating activities	34.1	86 720 910	80 550 339
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Purchase of Property, Plant and Equipment	1.1	(48 650 933)	(45 546 014)
Gains / (Loss) on Sale of Assets	1.1	(6 790 523)	1 758 307
Purchase of Intangible assets	1.2	(2 522 182)	(65 500)
Purchase of Investment Property	1.3	(1 519 050)	-
Disposal of Investment Property	1.3	526 114	396 056
Disposal of PPE	1.1	2 008 947	6 196 287
(Increase) / Decrease in Non-Current Receivables	2	(1 278)	10 469
Net Cash From Investing Activities		(56 948 904)	(37 250 394)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Loans Repaid		(7 545 175)	(11 117 733)
New Loans Raised		10 000 000	-
Increase / (Decrease) in Consumer Deposits		601 294	(881 688)
Net Cash From Financing Activities		3 056 118	(11 999 420)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS FROM ACTIVITIES		32 828 124	31 300 525
Cash and cash equivalents at the beginning of the period / year		43 754 318	12 453 793
Cash and cash equivalents at the end of the period / year	34.2	76 582 442	43 754 318
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		32 828 124	31 300 525

DAWID KRUIPER MUNICIPALITY

DAWID KRUIPER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018



	2018 Original Approved Budget R	2018 Adjustments R	2018 Final Approved Budget R	2018 Final Year-End Budget R	2018 Actuals R	2018 Variance R	Explanations for material variances
ASSETS							
Current Assets							
Cash	29 395 345	(20 000 000)	9 395 345	9 395 345	76 582 442	67 187 097	Unspent grants are invested that was budgeted to be spent by 30 June 2018
Consumer debtors	57 065 736	26 250 000	83 315 736	83 315 736	73 647 491	(9 668 245)	Under collection of debtors
Other debtors	5 488 459	(1 000 000)	4 488 459	4 488 459	1 639 404	(2 849 055)	No unpaid grants at year-end
Current portion of long-term receivables	4 911	(4 911)	-	-	4 938	4 938	The repayment portion was budgeted under non-current debtors.
Inventory	4 845 197	500 000	5 345 197	5 345 197	5 676 297	331 100	Bigger jurisdiction area let to increase in inventory held
Total Current Assets	96 799 648	5 745 089	102 544 737	102 544 737	157 550 572	55 005 835	
Non Current Assets							
Long-term receivables	-	-	-	-	8 904	8 904	The repayment was budgeted for under non-current debtors and the actual is under current.
Investment	-	10 550 000	10 550 000	10 550 000	-	(10 550 000)	No investments was made for more than 90 days - due to capital commitments on projects on monthly basis
Investment property	584 341 231	8 856 730	593 197 961	593 197 961	616 647 064	23 449 103	Fair value budgeted for is less than actual fair value.
Property, plant and equipment	1 725 542 147	103 795 686	1 829 337 833	1 829 337 833	1 675 761 763	(153 576 070)	Revaluation of landfill sites and quarries lead to decrease in PPE and not all capital projects were completed.
Intangible	5 166 619	(1 420 810)	3 745 809	3 745 809	5 908 742	2 162 933	More intangible assets initially budgeted as part of PPE
Total Non Current Assets	2 315 049 997	121 781 606	2 436 831 603	2 436 831 603	2 298 326 472	(138 505 131)	
TOTAL ASSETS	2 411 849 645	127 526 695	2 539 376 340	2 539 376 340	2 455 877 044	(83 499 295)	
LIABILITIES							
Current Liabilities							
Bank overdraft	5 000 000	(2 500 000)	2 500 000	2 500 000	-	(2 500 000)	Unspent grants are invested that was budgeted to be spent by 30 June 2018
Borrowing	8 912 386	1 250 000	10 162 386	10 162 386	9 876 274	(286 112)	Restructuring resulting in decrease in repayments.
Consumer deposits	12 500 000	150 000	12 650 000	12 650 000	11 469 143	(1 180 857)	More consumers have pre-paid meters, therefore less deposits
Trade and other payables	54 551 756	-	54 551 756	54 551 756	141 342 336	86 790 580	Salary creditors paid during first week of July 2018 and invoices received after 30 June 2018 resulting in increase in creditors accrued and not yet paid.
Provisions	24 750 000	12 500 000	37 250 000	37 250 000	50 140 523	12 890 523	Revaluation of landfill sites and quarries resulting in decrease in provisions
Total Current Liabilities	105 714 142	11 400 000	117 114 142	117 114 142	212 828 276	95 714 134	
Non Current Liabilities							
Borrowing	104 995 109	10 000 000	114 995 109	114 995 109	105 315 136	(9 679 973)	Adjustment of opening balance not budgeted for.
Provisions	163 619 518	-	163 619 518	163 619 518	182 881 983	19 262 465	Increase in PEMA & LSA provisions more than budgeted for
Total Non Current Liabilities	268 614 627	10 000 000	278 614 627	278 614 627	288 197 119	9 582 492	
TOTAL LIABILITIES	374 328 769	21 400 000	395 728 769	395 728 769	501 025 396	105 296 627	
NET ASSETS	2 037 520 876	106 126 695	2 143 647 571	2 143 647 571	1 954 851 649	(188 795 922)	
COMMUNITY WEALTH / EQUITY							
Accumulated Surplus	2 037 520 876	106 126 695	2 143 647 571	2 143 647 571	1 954 851 648	(188 795 922)	Cost containment let surplus at period end
TOTAL COMMUNITY WEALTH / EQUITY	2 037 520 876	106 126 695	2 143 647 571	2 143 647 571	1 954 851 648	(188 795 922)	

DAWID KRUIPER MUNICIPALITY

DAWID KRUIPER MUNICIPALITY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018



	2018 Actual R	2018 Final Budget R	2018 Variance R	Explanations - Material Variances
REVENUE BY SOURCE				
Property rates	93 322 624	93 831 732	(509 108)	Interim valuations less than anticipated.
Service charges	371 687 572	397 633 344	(25 945 772)	Decrease in service consumptions due to economic environment
Rental of facilities and equipment	8 718 732	9 029 064	(310 332)	Decrease in rental income from Eiland Resort
Interest earned - external investments	4 523 220	4 055 000	468 220	Interest on unspent grants invested
Interest earned - outstanding receivables	3 453 589	3 000 000	453 589	Interest on outstanding consumers of former Mier Municipality being levied for first financial period
Fines	7 277 576	737 200	6 540 376	Fine income calculated in terms of GRAP while budgeted for actually paid Budgeted that SAPO would take over the entire function, but only renewals are performed by SAPO and therefore more revenue was collected than expected
Licences and permits	1 581 041	1 706 861	(125 820)	Budgeted that SAPO would take over the entire function, but only renewals are performed by SAPO and therefore more revenue was collected than expected
Agency services	2 528 957	1 765 000	763 957	More grants was recognised than budgeted. We have foreseen that not all grants will be spent at year-end and the actual unspent was less than expected
Transfers recognised - operating	86 781 238	82 645 936	4 135 302	Amount budgeted for Fair Value Adjustment and Actuarial Gains is significant lower than the actual amount of Fair Value Adjustment and Actuarial Gains
Other revenue	56 494 294	15 056 410	41 437 884	
Gains on disposal of PPE	-	13 000 000	(13 000 000)	Sale of property did not realise
Total Operating Revenue	636 368 843	622 460 547	13 908 296	

EXPENDITURE BY TYPE				
Employee related costs	305 627 187	273 984 958	31 642 229	Cost containment let to savings
Remuneration of councillors	10 833 419	10 916 251	(82 832)	Budgeted for higher increase on councillors' remuneration
Debt impairment	18 188 118	5 300 000	12 888 118	More debtors handed over for collection resulting in increase in debt impairment
Depreciation and asset impairment	104 089 937	80 537 515	23 552 422	Increase in capital expenditure resulting in increase in depreciation
Finance Charges	12 019 218	11 799 142	220 076	Restructuring of loan repayment let to increase in interest paid
Bulk purchases	176 912 356	183 085 000	(6 172 644)	Decrease in service consumptions due to economic environment
Other materials	25 676 577	18 568 671	7 107 906	Reallocation of repairs and maintenance disclosed according to expenditures' nature
Contracted services	15 345 077	15 951 981	(606 904)	Reallocation of repairs and maintenance disclosed according to expenditures' nature
Transfers and grants	929 155	1 075 500	(146 345)	Donations budgeted according expected needs not realised
Other expenditure	34 043 719	62 393 885	(28 350 166)	Reallocation of repairs and maintenance disclosed according to expenditures' nature
Loss on disposal of PPE	6 790 523	-	6 790 523	Budgeted for gain on disposal of assets (including erven) and loss relaised
Total Operating Expenditure	710 455 285	663 612 903	46 842 382	
Operating (Deficit) for the year	(74 086 442)	(41 152 356)	(32 934 086)	
Transfers Recognised - Capital	34 192 154	69 457 415	(35 265 261)	Unspent capital projects
(DEFICIT) FOR THE YEAR	(39 894 288)	28 305 059	(68 199 347)	

DAWID KRUIPER MUNICIPALITY					
DAWID KRUIPER MUNICIPALITY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018					
	2018 Original Approved Budget R	2018 Adjustments R	2018 Final Approved Budget R	2018 Final Virements R	2018 Final Year-End Budget R
REVENUE BY SOURCE					
Property rates	97 233 333	(3 401 601)	93 831 732	-	93 831 732
Service charges	404 225 089	(6 591 745)	397 633 344	-	397 633 344
Rental of facilities and equipment	9 740 795	(711 731)	9 029 064	-	9 029 064
Interest earned - external investments	2 590 000	1 465 000	4 055 000	-	4 055 000
Interest earned - outstanding receivables	3 710 000	(710 000)	3 000 000	-	3 000 000
Fines	874 510	(137 310)	737 200	-	737 200
Licences and permits	1 644 171	62 690	1 706 861	-	1 706 861
Agency services	3 657 000	(1 892 000)	1 765 000	-	1 765 000
Transfers recognised - operating	89 757 965	(7 112 029)	82 645 936	-	82 645 936
Other revenue	13 407 866	1 648 544	15 056 410	-	15 056 410
Gains on disposal of PPE	13 064 056	(64 056)	13 000 000	-	13 000 000
Total Operating Revenue	639 904 785	(17 444 238)	622 460 547	-	622 460 547
EXPENDITURE BY TYPE					
Employee related costs	259 873 380	14 151 578	274 024 958	(40 000)	273 984 958
Remuneration of councillors	11 298 391	(382 140)	10 916 251	-	10 916 251
Debt impairment	5 000 000	300 000	5 300 000	-	5 300 000
Depreciation and asset impairment	80 533 792	3 723	80 537 515	-	80 537 515
Finance Charges	12 176 007	350 681	12 526 688	(727 546)	11 799 142
Bulk purchases	183 076 000	9 000	183 085 000	-	183 085 000
Other materials	18 435 235	(449 900)	17 985 335	583 336	18 568 671
Contracted services	17 718 684	(471 569)	17 247 115	(1 295 134)	15 951 981
Transfers and grants	600 000	267 000	867 000	208 500	1 075 500
Other expenditure	74 317 754	(13 009 192)	61 308 562	1 085 323	62 393 885
Loss on disposal of PPE	-	-	-	-	-
Total Operating Expenditure	663 029 243	769 181	663 798 424	(185 521)	663 612 903
Operating (Deficit) for the year	(23 124 458)	(18 213 419)	(41 337 877)	185 521	(41 152 356)
Transfers Recognised - Capital	48 279 565	21 177 850	69 457 415	-	69 457 415
(DEFICIT) FOR THE YEAR	25 155 107	2 964 431	28 119 538	185 521	28 305 059

DAWID KRUIPER MUNICIPALITY

**DAWID KRUIPER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASHFLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**



	2018 Original Approved Budget R	2018 Adjustments R	2018 Final Approved Budget R	2018 Final Year-End Budget R	2018 Actual R	2018 Variance R	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates, penalties & collection charges	93 831 732	-	93 831 732	93 831 732	93 322 624	(509 108)	Interim valuations less than anticipated.
Service charges	397 633 344	-	397 633 344	397 633 344	308 981 935	(88 651 409)	Decrease in service consumptions due to economic environment
Other revenue	28 294 535	-	28 294 535	28 294 535	54 281 634	25 987 099	Actuarial Gains is significant lower than the actual amount of Fair Value Adjustment and Actuarial Gains
Government - operating	82 645 936	-	82 645 936	82 645 936	86 781 238	4 135 302	More grants was recognised than budgeted. We have foreseen that not all grants will be spent at year-end and the actual unspent was less than expected
Government - capital	69 457 415	-	69 457 415	69 457 415	34 192 154	(35 265 261)	Unspent capital projects
Interest	7 055 000	-	7 055 000	7 055 000	7 976 809	921 809	Interest on unspent grants invested
Payments							
Suppliers and employees	(564 567 221)	-	(564 567 221)	(564 567 221)	(485 867 110)	78 700 111	Cost containment measures implemented
Finance charges	(12 526 688)	-	(12 526 688)	(12 526 688)	(12 019 218)	507 470	Restructuring of loan repayment let to increase in interest paid
Transfers and grants	(867 000)	-	(867 000)	(867 000)	(929 155)	(62 155)	Donations budgeted according expected needs not realised
NET CASH FROM / (USED) OPERATING ACTIVITIES	100 957 053	-	100 957 053	100 957 053	86 720 910	(14 236 143)	
CASH FLOW FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE	13 000 000	-	13 000 000	13 000 000	(6 790 523)	(19 790 523)	Sale of property did not realise
Decrease / (Increase) in non-current receivables	5 000	(5 000)	-	-	(1 278)	(1 278)	Additional non-current receivables
Payments							
Capital assets	(91 816 543)	(24 225 641)	(116 042 184)	(116 042 184)	(50 157 104)	65 885 080	Unspent capital projects
NET CASH FROM / (USED) INVESTING ACTIVITIES	(78 811 543)	(24 230 641)	(103 042 184)	(103 042 184)	(56 948 904)	46 093 280	
CASH FLOW FROM FINANCING ACTIVITIES							
Receipts							
Borrowing long term / financing	10 000 000	-	10 000 000	10 000 000	10 000 000	-	
Increase (decrease) in consumer deposits	-	-	-	-	601 294	601 294	More consumers have pre-paid meters, therefore less deposits
Payments							
Repayment of borrowing	(9 659 700)	-	(9 659 700)	(9 659 700)	(7 545 175)	2 114 525	Restructuring resulting in decrease in repayments.
NET CASH FROM / (USED) FINANCING ACTIVITIES	340 300	-	340 300	340 300	3 056 118	2 715 818	
NET INCREASE / (DECREASE) IN CASH HELD	22 485 810	(24 230 641)	(1 744 831)	(1 744 831)	32 828 124	34 572 955	
Cash / cash equivalents at the year begin:	12 821 345	-	12 821 345	12 821 345	43 754 318	30 932 973	Decrease in revenue due to economic environment
Cash / cash equivalents at the year end:	35 307 155	-	11 076 514	11 076 514	76 582 442	65 505 928	Unspent grants are invested that was budgeted to be spent by 30 June 2018

DAWID KRUIPER MUNICIPALITY

Accounting Policies for the Annual Financial Statements For the Year Ended 30 June 2018

1 BASIS OF PRESENTATION

- 1.1 The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.
- 1.2 These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).
- 1.3 Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised - February 2010) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.
- 1.4 The Municipality did not early adopt any GRAP Standards which have been issued but are not effective yet.
- 1.5 A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.
- 1.6 Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.
- 1.7 The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.
- 1.8 Original Standards and Interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

GRAP 20 (Original - Jun 2011)	Related Party Disclosure The objective of this interpretation of the Standards is to prescribe which persons qualify as related parties and which information should be disclosed in the AFS. No significant impact is expected as the Municipality already implemented controls to ensure that related party disclosures are met.	1 April 2019
GRAP 32	Service Concession Arrangements: Grantor	1 April 2019

(Original - Aug 2013)	<p>The objective of this Standard is to prescribe the accounting for services concession arrangements by the grantor, a public sector entity.</p> <p>No significant impact is expected as the Municipality does not have any concessions at this stage.</p>	
GRAP 34	<p>Separate Financial Statements</p> <p>The objective of this Standard is to prescribe the accounting for separate financial statements.</p> <p>No significant impact is expected as the Municipality does not have any entities.</p>	Unknown
GRAP 35	<p>Consolidated Financial Statements</p> <p>The objective of this Standard is to prescribe the accounting for consolidated financial statements.</p> <p>No significant impact is expected as the Municipality does not have any entities.</p>	Unknown
GRAP 36	<p>Investments in Associates and Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures.</p> <p>No significant impact is expected as the Municipality does not have any investments in associates and/or joint ventures.</p>	Unknown

GRAP 37	<p>Joint Arrangements</p> <p>The objective of this Standard is to prescribe the accounting for investments in joint arrangements.</p> <p>No significant impact is expected as the Municipality does not have any joint arrangements.</p>	Unknown
GRAP 38	<p>Disclosure of Interest in Other Entities</p> <p>The objective of this Standard is to prescribe the accounting for disclosure in other entities.</p> <p>No significant impact is expected as the Municipality does not have any entities.</p>	Unknown
<p>GRAP 108</p> <p>(Original - Sep 2013)</p>	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2019
GRAP 109	<p>Accounting by Principles and Agents</p> <p>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</p> <p>No significant impact is expected as the Municipality already implemented controls to ensure that the disclosures are met.</p>	1 April 2019

GRAP 110	<p>Living and Non-living Resources</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether living resources are controlled by an entity and if they can be measured reliably.</p> <p>No significant impact is expected as the Municipality does not have any living resources that must be disclosed at this stage and non-living resources are not disclosed in the AFS.</p>	1 April 2020
IGRAP 17	<p>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</p> <p>The objective of this Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality does not have any Concession Arrangement at this stage.</p>	Unknown

2 USE OF ESTIMATES AND JUDGEMENTS

- 2.1** The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice (GRAP) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and, actual results may differ from these estimates.
- 2.2** Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period which the estimates are revised and in any future affected period - refer to paragraph 27

3 PRESENTATION CURRENCY

- 3.1** Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

4 GOING CONCERN ASSUMPTION

- 4.1** The Municipality is deemed a going concern, following an assessment made by management during the compilation of the annual financial statements.

5 PROPERTY, PLANT AND EQUIPMENT

5.1 Initial Recognition

- 5.1.1** Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.
- 5.1.2** The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.
- 5.1.3** Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.
- 5.1.4** When significant components of an item of property, plan and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
- 5.1.5** Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.
- 5.1.6** The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.
- 5.1.7** Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

5.2 Subsequent Measurement

- 5.2.1** Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.
- 5.2.2** Subsequently all property plant and equipment are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.
- 5.2.3** Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

5.3 Depreciation

- 5.3.1 Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. 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. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Asset Group	Years	Asset Group	Years
Community Assets - Cemeteries	15 - 50	Solid Waste Disposal	15 - 30
Infrastructure - Railway	30 - 50	Other vehicles	4 - 10
Community Assets - Recreational Facilities	10 - 80	Office equipment	3 - 15
Community Assets - Sporting Facilities	15 - 75	Furniture and fittings	2 - 20
Infrastructure - Electricity	15 - 55	Specialised plant and equipment	10 - 15
Infrastructure - Roads, Pavements, Bridges and Storm Water	15 - 100	Other items of plant and equipment	2 - 10
Infrastructure - Sanitation	3 - 50	Security	3 - 5
Infrastructure - Sewerage	10 - 80	Buildings	10 - 50
Infrastructure - Water	10 - 75	Specialist vehicles	10 - 15
Land and Buildings - Buildings	10 - 60	Infrastructure - Communication	30 - 50
Land and Buildings - Land	Indefinite	Landfill sites	1 - 50
Watercraft	15 - 20	Bins and containers	10 - 15

- 5.3.2 Depreciation only commences when the asset is available for use, unless stated otherwise.
- 5.3.3 At each reporting date an assessment is done to determine whether there is any indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If an indication exists, the municipality shall revise the expected useful life and / or residual value accordingly.

5.4 Incomplete Construction Work

- 5.4.1 Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

5.5 Finance Leases

- 5.5.1 Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as property, plant and equipment controlled by the municipality or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

5.6 Derecognition of Property, Plant and Equipment

- 5.6.1 The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.
- 5.6.2 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. Gains are not classified as revenue.
- 5.6.3 Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

6 INTANGIBLE ASSETS

6.1 Initial Recognition

- 6.1.1 Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.
- 6.1.2 Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with GRAP 21.
- 6.1.3 Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

6.2 Subsequent Measurement, Amortisation and Impairment

- 6.2.1 After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.
- 6.2.2 After initial recognition, intangible assets are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. If the intangible asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to the revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same intangible asset previously recognised in surplus or deficit.
- 6.2.3 Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.
- 6.2.4 In terms of GRAP 31 intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be 20 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, however such intangible assets are subject to an annual impairment test.
- 6.2.5 Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

- 6.2.6 The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	20

6.3 Derecognition

- 6.3.1 Intangible assets 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 on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

7 INVESTMENT PROPERTY

7.1 Initial Recognition

- 7.1.1 Investment property shall be recognised as an asset when, and only when:

- * it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- * cost or fair value of the investment property can be measured reliably.

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

- 7.1.3 At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost at date of completion.

- 7.1.4 Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

- 7.1.5 Based on management's judgement, the following criteria have been applied to distinguish Investment Properties from owner occupied property or property held:

- 7.1.5.1 Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
- 7.1.5.2 Land held for a currently undetermined future use (if the municipality has not determined that it will use the land as owner occupied property) or for;
- 7.1.5.3 A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis (this will include property portfolio rented out on a commercial basis on behalf of the municipality);
- 7.1.5.4 A property owned by the municipality and leased out at a below market rental; and

7.1.5.5 Property that is being constructed or developed for future use as investment property.

7.1.6 The rent earned does not have to be at a commercial basis or market related for the property to be classified as investment property.

7.1.7 The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets:

7.1.7.1 Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;

7.1.7.2 Property being constructed or developed on behalf of third parties;

7.1.7.3 Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;

7.1.7.4 Property that is being constructed or developed for future use as investment property;

7.1.7.5 Property that is leased to another entity under a finance lease;

7.1.7.6 Property held to provide goods and services and also generates cash inflows; and

7.1.7.7 Property held for strategic purposes which would be accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment.

7.2 Subsequent Measurement - Fair Value Model

7.2.1 Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

7.3 Derecognition

7.3.1 Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

8 Heritage Assets

8.1 Heritage Assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Heritage Assets is the purchase price and other cost attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The costs also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

8.2 Heritage Assets are not depreciated as it is regarded as having an unlimited life.

9 IMPAIRMENT OF ASSETS

9.1 Impairment of Cash Generating Assets

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

- 9.1.2 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 recoverable amount of the cash-generating unit to which the asset belongs is determined.
- 9.1.3 The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arms length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.
- 9.1.4 The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.
- 9.1.5 If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.
- 9.1.6 An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.
- 9.1.7 An impairment of assets carried at revalued amount in reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- 9.1.8 An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
 - 9.1.8.1 To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.
- 9.1.9 A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.
- 9.1.10 The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.
- 9.1.11 A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

9.2 Impairment of Non-Cash Generating Assets

- 9.2.1 The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.
- 9.2.2 If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.
- 9.2.3 The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.
- 9.2.4 If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.
- 9.2.5 An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

- 9.2.6 An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- 9.2.6.1 To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.
- 9.2.7 The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.
- 9.2.8 The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.
- 9.2.9 A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

10 FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions).

10.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

10.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

10.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The following assets are assessed on the following basis:

Significant individual Debtors	-	Individual significant debtors are defined as debtors with the outstanding balance that exceeds 1% of the total positive consumer debtor balance before provisions are made.
State Debtors	-	No provision for impairment will be made as State debtors will not be written-off.
Debtors with Year Tax	-	0% provision for impairment will be made for debtors with year tax for the interim statements.
Indigent Debtors	-	0% provision for impairment will be made for indigent debtors.
Debtors handed over for collection	-	100% provision for impairment will be made for debtors handed over for collections.

If there is objective evidence that an impairment loss 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 expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

10.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

10.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

10.3 De-recognition of Financial Instruments

10.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

* the rights to receive cash flows from the asset have expired; or

* the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the assets, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

10.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

10.4 Offsetting of Financial Instruments

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

11 INVENTORIES

- 11.1 Inventories include consumables stores, maintenance materials, spare parts for plant, equipment and land or property held for sale. Cost is determined by the weighted average method and comprises all costs of purchases, cost of development, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are stated at the lower of cost or net realisable value.
- 11.2 When inventories are sold, exchanged or distributed the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when goods are distributed or related service is rendered.
- 11.3 The amount of any write-down of inventories and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any write-down of inventories, arising from an increase in the net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

- 11.4 Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

12 REVENUE RECOGNITION

12.1 Revenue from Exchange Transactions

- 12.1.1 Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.
- 12.1.2 Service charges relating to electricity and water are based on consumption and a basic charge as per Council Resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.
- 12.1.3 Revenue from the sale of pre-paid electricity and pre-paid water sales are recognised at point of sale and not when prepaid electricity is consumed.
- 12.1.4 Service charges from sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property as set out in the approved Tariff List.
- 12.1.5 Interest and rentals are recognised on a time proportion basis.
- 12.1.6 Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.
- 12.1.7 Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant approved tariff. This includes the issuing of licences and permits.
- 12.1.8 Revenue from the sale of goods is recognised when the risk is passed to the consumer.
- 12.1.9 Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

12.2 Revenue from Non-Exchange Transactions

- 12.2.1 Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.
- 12.2.2 Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when fines are processed on the system. A debtor is created for all unpaid fines on year-end and recoverability test is performed to calculated any impairments against the debtor.
- 12.2.3 Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.
- 12.2.4 Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

- 12.2.5 Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.
- 12.2.6 All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of 36 months. This assessment is performed annually at 30 June. The Municipality keep record of these unclaimed deposits for three years in the event that a party should submit a claim.

13 CONDITIONAL GRANTS AND RECEIPTS

13.1 Unspent Conditional Government Grants and Receipts

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

The liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- * Unspent conditional grants are recognised as a liability when the grant is received.
- * When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- * The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- * Interest earned on the investment is treated accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

13.2 Unpaid Conditional Government Grants and Receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set of for the creation and utilisation of the grant is receivable:

- * Unpaid conditional grants are recognised as an asset when the grant is receivable.

13.3 Unspent Public Contributions

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- * Unspent public contributions are recognised as a liability when the grant is received.
- * When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.

* The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.

* Interest earned on the investment is treated accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

14 PROVISIONS

14.1 Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

14.2 The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

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

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

14.4.1 The Municipality has a detailed formal plan for the restructuring identifying at least:

- * the business or part of business concerned;
- * the principal locations affected;
- * the location, function and approximate number of employees who will be compensated for termination of services

- * the expenditures that will be undertaken; and
- * when the plan will be implemented.

14.4.2 The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

14.5 The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

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

15 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.

16 ACCUMULATED SURPLUS

The accumulated surplus of the municipality is affected by only the net profit or loss during the financial year and is maintained in terms of the relevant accounting policies and GRAP 3.

17 UNAUTHORISED EXPENDITURE

- 17.1 Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18 IRREGULAR EXPENDITURE

- 18.1 Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19 FRUITLESS AND WASTEFUL EXPENDITURE

- 19.1 Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

20 COMPARATIVE INFORMATION

20.1 Budget comparatives:

- 20.1.1 The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- * the approved and final budget amounts;
- * actual amounts and final budget amounts;

Explanations for variances above 10% between the approved and final budget are included in the budget comparison statements.

Explanations for variances above 10% between the final budget amounts and actual amounts are included in the budget comparison statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

20.2 Prior year comparatives:

- 20.2.1 When the presentation of classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.
- 20.2.2 The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the item Segment of mSCOA. The result of this process was a reclassification and renaming of items in the financial statements.

The reclassification of 2017 audited amounts is set out in note 35 of the annual financial statements.

21 LEASES

21.1 The Municipality as Lessee

- 21.1.1 Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.
- 21.1.2 Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.
- 21.1.3 Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-line expenses and actual payments made will give rise to a liability. The Municipality shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative on the time pattern of the lessee's benefit from the use of the leased asset.

21.2 The Municipality as Lessor

- 21.2.1 Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-line revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

22 EMPLOYEE BENEFITS

22.1 Post Retirement Medical Obligations

- 22.1.1 The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. After retirement Council pays 70% as contribution and the remaining 30% are paid by the retired members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 - Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.
- 22.1.2 These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling the employee to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.
- 22.1.3 Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

22.2 Long Service Awards

- 22.2.1 Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.
- 22.2.2 Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

22.3 Provision for Staff Leave

- 22.3.1 Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.
- 22.3.2 Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.
- 22.3.3 Accumulated leave is vesting.

22.4 Provision for Staff Bonuses

- 22.4.1 The entity recognise the expected cost of bonus payments (13th cheques) when the municipality 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 and the settlement will be within 12 months.

- 22.4.2 Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

22.5 Performance Bonuses

- 22.5.1 A provision, in respect of a liability relating to the anticipated costs of performance bonuses payable to Section 56 & 57 employees, is recognised as it accrue to Section 56 & 57 employees.

22.6 Pension and retirement fund obligations

- 22.6.1 The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

23 CONTINGENT LIABILITIES

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

Management judgement is required when recognising and measuring contingent liabilities.

24 CONTINGENT ASSET

- 24.1 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 entity. A contingent asset could also be a present asset that arises from past events, but is not recognised because it is not probable that an inflow of resources embodying economic benefits will be required to the asset or the amount of the asset cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent assets.

25 COMMITMENTS

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

26 RELATED PARTIES

- 26.1** Individuals 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 of the municipality are those persons, directly and indirectly, having authority and responsibility for planning, directing and controlling the activities of the Municipality. Key management is defined as the Municipal Manager, Chief Financial Officer and all other Section 56 & 57 managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.
- 26.2** Any services rendered to and payments made to key management personnel and councillors other than their monthly remuneration will be disclosed appropriate.

27 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

27.1 Post retirement medical obligations and Long service awards

- 27.1.1** The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in the note 11 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

27.2 Impairment of Receivables

- 27.2.1** The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due. This was performed per identifiable categories across all debtors.

27.3 Property, Plant and Equipment

- 27.3.1** The useful lives of property, plant and equipment are based is a matter of judgement base on the experience of the entity with similar assets. The municipality considers all facts and circumstances in estimating the useful lives of assets, which includes the consideration of financial, technical an other factors. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at the time.

- 27.3.2** Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment.

* The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.

* Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.

* The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

* Whether there is an indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any indication exists, the municipality shall revise the expected useful life and / or residual value accordingly.

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

The cost for depreciated replacement cost was determined by using either one of the following:

* cost of item with a similar nature currently in the Municipality's asset register;

* cost of items with similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other Municipality's asset register is considered to be accurate;

* cost as supplied by suppliers.

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

27.4 Investment Property

27.4.1 The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

27.4.2 Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

* The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.

* The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

27.5 Provision and Contingent Liabilities

27.5.1 Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

27.6 Revenue Recognition

27.6.1 Accounting Policy 13.1 on Revenue from Exchange Transactions and Accounting Policy 13.2 on Revenue from Non-Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

27.6.2 In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

27.6.3 Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when fines are processed on the system. A debtor is created for all unpaid fines on year-end and recoverability test is performed to calculate any impairments against the debtor.

27.6.4 The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

27.7 Provision for Landfill Sites

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

27.7.2 Management referred to the following when making assumptions regarding provisions:

* Professional engineers where utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

* Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

27.8 Provision for Staff Leave

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

27.9 Provision for Performance Bonuses

27.9.1 The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

27.10 Componentisation of Infrastructure Assets

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

28 DISTRIBUTION LOSSES

28.1 Electricity distribution losses comprises of technical and non-technical losses. Technical losses in electricity are experience due to natural resistivity of the conductors and the energisation of transformers. Non-technical losses are losses due to theft, faulty meters and billing errors. Calculation of the technical losses of the municipal network which consists of urban and rural networks, are calculated applying the methodology in the NRS 080:2004. Non-technical losses is calculated by subtracting technical losses from the total losses.

28.2 Water distribution losses comprises of technical and non-technical losses. Technical losses are experience during the purification process of the water. Non-technical losses are losses due to theft, faulty meters, pipe bursts and billing errors. Non-technical losses is calculated by subtracting technical losses from the total losses.

29 VALUE ADDED TAX

- 29.1** Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

30 EVENTS AFTER REPORTING DATE

- 30.1** Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.
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DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

1.1 PROPERTY, PLANT AND EQUIPMENT

1 July 2017	Land and Buildings R	Infrastructure R	Community R	Other R	Total R
Reconciliation of Carrying Value					
Carrying Values at 1 July 2017	197 320 707	1 508 290 739	66 018 084	41 982 321	1 813 611 851
Cost	258 741 302	2 108 098 297	93 474 066	91 883 535	2 552 197 200
Accumulated Depreciation	(61 420 595)	(599 807 558)	(27 455 982)	(49 901 214)	(738 585 349)
Acquisitions	193 836	10 638 155	-	5 467 021	16 299 011
Revaluation of Landfill Sites and Quarries	-	(85 270 861)	-	-	(85 270 861)
Capital Under Construction	244 773	31 445 762	661 387	-	32 351 921
Depreciation	(6 088 671)	(84 777 373)	(3 761 447)	(8 948 909)	(103 576 401)
Carrying Values of disposals	(8 061)	(1 259 248)	(378 389)	(363 248)	(2 008 947)
Cost	(43 340)	(2 865 794)	(878 137)	(941 005)	(4 728 276)
Accumulated Depreciation	35 278	1 606 546	499 748	577 757	2 719 329
Impairment loss	(85 219)	(69 068)	-	-	(154 287)
Carrying Values at 30 June 2018	191 577 364	1 378 998 105	62 539 635	38 137 185	1 671 252 288
Cost	259 136 570	2 062 045 558	93 257 316	96 409 551	2 510 848 995
Accumulated Depreciation	(67 559 206)	(683 047 453)	(30 717 681)	(58 272 366)	(839 596 707)

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

1.1 PROPERTY, PLANT AND EQUIPMENT

30 June 2017	Land and Buildings R	Infrastructure R	Community	Other R	Total R
Reconciliation of Carrying Value					
Carrying Values at 6 August 2016	202 542 064	1 386 382 365	68 210 162	48 091 456	1 705 226 047
Cost	258 467 403	1 926 432 257	92 310 552	90 760 339	2 367 970 552
Balance Previously Reported	258 926 699	1 931 736 687	95 890 047	90 760 339	2 377 313 772
Correction of Error - refer to note 36.01	(463 089)	(5 278 987)	(3 601 144)	-	(9 343 221)
Transferred	3 793	(25 442)	21 649	-	-
Accumulated Depreciation	(55 925 339)	(540 049 893)	(24 100 390)	(42 668 883)	(662 744 505)
Balance Previously Reported	(56 980 285)	(543 712 481)	(27 700 414)	(38 060 575)	(666 453 755)
Correction of Error - refer to note 36.01	1 053 827	3 662 589	3 601 144	(4 608 308)	3 709 251
Transferred	1 119	-	(1 119)	-	-
Acquisitions	27 920	26 517 422	1 590 936	2 448 590	30 584 868
Capitalisation of Landfill Sites and Quarries	-	147 575 861	-	-	147 575 861
Capital Under Construction	42 522	13 322 183	1 596 441	-	14 961 147
Transferred at Cost	203 456	1 627 694	(1 831 150)	-	-
Depreciation	(5 495 255)	(61 732 929)	(3 425 151)	(7 886 448)	(78 539 784)
Balance Previously Reported	(5 495 380)	(74 813 874)	(3 425 026)	(9 497 767)	(93 232 047)
Correction of Error - refer to note 36.01	-	13 080 945	-	1 611 319	14 692 264
Transferred	125	-	(125)	-	-

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

1.1 PROPERTY, PLANT AND EQUIPMENT

Carrying Values of disposals	-	(5 401 857)	(123 154)	(671 276)	(6 196 287)
Cost	-	(7 377 120)	(192 713)	(1 325 394)	(8 895 227)
Accumulated Depreciation	-	1 975 263	69 559	654 118	2 698 940
Carrying Values at 30 June 2017	197 320 707	1 508 290 739	66 018 084	41 982 321	1 813 611 851
Cost	258 741 302	2 108 098 297	93 474 066	91 883 535	2 552 197 200
Accumulated Depreciation	(61 420 595)	(599 807 558)	(27 455 982)	(49 901 214)	(738 585 349)

Expenditure incurred to maintain PPE	Land and Buildings	Infrastructure	Community	Other	Total
Contracted Services	414 280	1 074 735	94 215	2 417 877	4 001 106
Consumable Items	277 223	3 307 014	370 940	5 539 194	9 494 371
30 June 2018	691 503	4 381 749	465 155	7 957 070	13 495 477
Contracted Services	565 685	2 494 861	179 216	2 666 207	5 905 968
Balance Previously Reported	443 471	2 494 861	179 216	2 666 207	5 783 754
Reallocation	122 214	-	-	-	122 214
Consumable Items	345 887	1 757 668	260 935	2 830 373	5 194 862
Balance Previously Reported	345 887	1 994 858	260 935	492 076	3 093 756
Correction of Error - refer to note 30	-	(237 190)	-	2 338 296	2 101 106
30 June 2017	911 572	4 252 529	440 151	5 496 579	11 100 830

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

1.1 PROPERTY, PLANT AND EQUIPMENT

Disclosure of PPE Under Construction (WIP)	Land and Buildings	Infrastructure	Community	Other	Total
Opening Balance 2017/2018	869 758	33 732 116	3 266 106	4 177 059	42 072 206
Under construction additions	244 773	31 445 762	661 387	-	32 351 921
Transferred from Under Construction to Additions	(377 665)	(18 764 381)	-	-	(19 142 046)
30 June 2018	736 866	46 413 497	3 927 493	4 177 059	55 282 082
Opening Balance 2016/2017	827 236	38 561 410	2 834 515	4 204 226	46 427 387
Under construction	42 522	13 322 183	1 596 441	(27 167)	14 961 147
Transferred from Under Construction to Additions	-	(18 151 477)	(1 164 851)	-	(19 316 328)
30 June 2017	869 758	33 732 116	3 266 106	4 177 059	42 072 206

The LIMMS Lefatshe project with a cost price of R 4 177 059 was significantly delay. The assets were inspected and there was no need for impairment.

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the Municipality.

The Municipality did not pledge any of its assets as security.

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
1.2	INTANGIBLE ASSETS		
	Carrying value as at 1 July / 6 August	3 745 809	4 209 738
	Cost	6 805 048	6 739 549
	Accumulated amortisation and impairment losses	(3 059 239)	(2 529 811)
	Acquisitions	2 522 182	65 500
	Impairment for the period	(54 289)	(224 794)
	Amortisation for the period	(304 960)	(304 634)
	Carrying value of disposals	-	-
	Cost	(1 033 081)	-
	Accumulated amortisation	1 033 081	-
	Carrying value as at 30 June	5 908 742	3 745 809
	Cost	8 294 149	6 805 048
	Accumulated amortisation and impairment losses	(2 385 408)	(3 059 239)
	Expenditure incurred to maintain Intangible Assets		
	Contracted Services	471 511	-
	Total Expenditure incurred	471 511	-
	The amortisation expense has been included in the line item Depreciation and Amortisation in the Statement of Financial Performance Note 27		
	All of the Municipality's Intangible Assets are held under freehold interest and no Intangible Assets had been pledged as security for any liabilities of the Municipality.		
	No restrictions apply to any of the Intangible Assets of the Municipality.		
	The Municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.		
	Impairment losses is due to SAMRAS system and Cashflow Version 2 no longer operational.		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
1.3	<p>INVESTMENT PROPERTY AT FAIR VALUE</p> <p>Reconciliation of fair value</p> <p>Balance as at 1 July / 6 August 593 335 161 571 202 663</p> <p>Balance Previously Reported 571 071 299</p> <p>Correction of Error - refer to note 36.02 131 364</p> <p>Acquisitions 1 519 050 -</p> <p>Disposal (526 114) (396 056)</p> <p>Fair value adjustment 22 318 967 22 528 554</p> <p>22 522 717</p> <p>5 836</p> <p>Carrying value as at 30 June <u>616 647 064</u> <u>593 335 161</u></p> <p>All of the Municipality's Investment Property is held under freehold interest and no Investment Property had been pledged as security for any liabilities of the municipality.</p> <p>The effective date of the revaluations was 30 June 2018. Revaluations were performed by independent valuers, DDP Valuers, which are not connected to the entity and have recent experience in location and category of the investment property being valued.</p> <p>Properties were valued on the comparative sales method of valuation, based on the active market values in the area.</p> <p>The Fair Value of Investment Properties was determined by a qualified valuer based on current market prices. The current demand in property in Uppington resulted in an increase in property prices.</p> <p>There are no contractual obligations on Investment Property.</p>		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

1.4 HERITAGE ASSETS

1 July 2017		Cultural Land and Buildings R	Historical Sites R	National Monuments R	Total R
Reconciliation of Carrying Value					
Carrying Values at 1 July 2017		4 473 475	26 000	10 000	4 509 475
Cost		4 473 475	26 000	10 000	4 509 475
Accumulated Depreciation		-	-	-	-
Acquisitions		-	-	-	-
Depreciation		-	-	-	-
Carrying Values at 30 June 2018		4 473 475	26 000	10 000	4 509 475
Cost		4 473 475	26 000	10 000	4 509 475
Accumulated Depreciation		-	-	-	-

30 June 2017		Cultural Land and Buildings R	Historical Sites R	National Monuments R	Total R
Reconciliation of Carrying Value					
Carrying Values at 6 August 2017		4 473 475	26 000	10 000	4 509 475
Cost		4 473 475	26 000	10 000	4 509 475
Accumulated Depreciation		-	-	-	-
Acquisitions		-	-	-	-
Depreciation		-	-	-	-
Carrying Values of disposals		-	-	-	-
Carrying Values at 30 June 2017		4 473 475	26 000	10 000	4 509 475
Cost		4 473 475	26 000	10 000	4 509 475
Accumulated Depreciation		-	-	-	-

All of the Municipality's Heritage Assets are held under freehold interest and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the Municipality.

The effective date of the revaluations was 1 July 2012. Cost was determined by independent valuers, which are not connected to the municipality and have recent experience in location and category of the heritage assets.

The heritage assets' values were determined directly by reference to resale value of the material of the asset or scrap metal.

The Municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018	6 August 2016 - 30 June 2017
		R	2017 R

2 NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS

Sundry Loans	13 842	12 563
Less: Current portion transferred to current assets	(4 938)	(12 563)
Total Non-Current Receivables From Exchange Transactions	8 904	-

The Municipality does not hold deposits or any other security for its Long-Term Receivables.

These receivables are not regarded as loans as this was incorrect payments to employees which is recovered in terms of affordability and the Basic Conditions Act.

No Long-Term Receivables have been pledged as security for the Municipality's financial liabilities.

3 INVENTORY

Consumable Stores – at Cost	5 427 470	9 410 241
Unsold water - at Cost	248 827	237 445
Total Inventory	5 676 297	9 647 686

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

No inventories have been pledged as collateral for Liabilities of the Municipality.

An inventory loss to the amount of R 9 347 (2017: R 347 025) have been accounted during the period under review.

Included in consumable stock, is slow moving stock (stock showing no movement for the last 365 days) amounting to R 1 010 828 (2017: R 643 528).

The value and quantity of unsold water at year-end was calculated on a management estimate based on the % of the capacity of the water storage facilities and the cost per kl water purified during the financial year.

4 TRADE RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

<u>As at 30 June 2018</u>	<u>Gross Balances</u>	<u>Provision for Bad Debts</u>	<u>Net Balance</u>
Trade receivables from Exchange Transactions	100 105 351	(38 778 540)	61 326 811
Trade receivables from Non-Exchange Transactions	34 282 789	(21 962 109)	12 320 680
Total Trade Receivables From Exchange and Non-Exchange Transactions	134 388 140	(60 740 649)	73 647 491
 Trade Receivables from Exchange Transactions	 Gross Balances	 Provision for Bad Debts	 Net Balance
	R	R	R

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
	Total Exchange Debtors	79 540 452	(38 778 540)
	Sundry Debtors	3 114 322	-
	Provision for income not yet billed	17 450 577	-
	Total Trade Receivables from Exchange Transactions	100 105 351	(38 778 540)
		61 326 811	

Trade receivables from Non-Exchange Transactions	Gross Balances R	Provision for Bad Debts R	Net Balance R
Total Non-Exchange Debtors	22 601 939	(11 256 278)	11 345 661
Sundry Debtors	395 388	-	395 388
Plus: Traffic Debtors	11 285 462	(10 705 831)	579 631
Total Trade Receivables from Non-Exchange Transactions	34 282 789	(21 962 109)	12 320 680
TRADE RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS			
As at 30 June 2017	Gross Balances	Provision for Bad Debts	Net Balance
Trade receivables from Exchange Transactions	92 171 127	(30 215 638)	61 955 489
Balance Previously Reported	91 141 850	(30 215 638)	60 926 212
Correction of Error - refer to note 36.03	1 029 278	-	1 029 278
Trade receivables from Non-Exchange Transactions	24 552 480	(12 336 893)	12 215 587
Balance Previously Reported	20 078 453	(7 862 866)	12 215 587
Correction of Error - refer to note 36.04	4 474 027	(4 474 027)	-
Total Trade Receivables From Exchange and Non-Exchange Transactions	116 723 607	(42 552 531)	74 171 076
Trade receivables from Exchange Transactions	Gross Balances R	Provision for Bad Debts R	Net Balance R
Total Exchange Debtors	68 480 971	(30 215 638)	38 265 333
Sundry Debtors	2 262 832	-	2 262 832
Balance Previously Reported	1 233 555	-	1 233 555
Correction of Error - refer to note 36.03	1 029 278	-	1 029 278
Provision for income not yet billed	21 427 324	-	21 427 324
Total Trade Receivables from Exchange Transactions	92 171 127	(30 215 638)	61 955 489

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018	6 August 2016 - 30 June 2017	
		R	2017 R	
	Trade receivables from Non-Exchange Transactions	Gross Balances R	Provision for Bad Deb R	Net Balance R
	Total Non-Exchange Debtors	19 213 629	(7 862 866)	11 350 763
	Sundry Debtors	383 488	-	383 488
	Plus: Traffic Debtors	4 955 363	(4 474 027)	481 336
	Balance Previously Reported	481 336		481 336
	Correction of Error - refer to note 36.04	4 474 027	(4 474 027)	-
	Total Trade Receivables From Exchange and Non-Exchange Transactions	24 552 480	(12 336 893)	12 215 587
<i>The Municipality did not pledge any of its Receivables as security for borrowing purposes.</i>				
Ageing of Receivables from Exchange Transactions:				
<u>Electricity: Ageing</u>				
	Current (0 - 30 days)		11 627 676	12 908 882
	31 - 60 Days		310 667	295 225
	61 - 90 Days		64 090	135 605
	91 - 120 Days		51 447	108 944
	+ 120 Days		1 382 038	1 174 074
			13 435 919	14 622 730
<u>Water: Ageing</u>				
	Current (0 - 30 days)		3 604 469	4 434 433
	31 - 60 Days		1 327 099	707 031
	61 - 90 Days		828 198	504 716
	91 - 120 Days		576 787	484 429
	+ 120 Days		8 576 880	7 625 808
			14 913 433	13 756 416
<u>Refuse: Ageing</u>				
	Current (0 - 30 days)		2 338 289	2 525 605
	31 - 60 Days		2 071 272	753 362
	61 - 90 Days		597 947	517 045
	91 - 120 Days		689 201	505 207
	+ 120 Days		9 561 214	7 423 349
			15 257 922	11 724 567
<u>Sewerage: Ageing</u>				
	Current (0 - 30 days)		2 557 075	3 085 946
	31 - 60 Days		1 820 684	659 753
	61 - 90 Days		506 317	463 883
	91 - 120 Days		492 405	408 425
	+ 120 Days		6 943 715	4 780 723
			12 320 195	9 398 730

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018	6 August 2016 - 30 June 2017
		R	2017 R
	<u>VAT: Ageing</u>		
	Current (0 - 30 days)	3 398 726	3 423 732
	31 - 60 Days	645 949	576 568
	61 - 90 Days	520 156	282 817
	91 - 120 Days	544 964	395 754
	+ 120 Days	3 189 433	2 622 855
		<u>8 299 227</u>	<u>7 301 726</u>
	<u>Other: Ageing</u>		
	Current (0 - 30 days)	1 685 953	2 770 169
	31 - 60 Days	1 448 293	658 899
	61 - 90 Days	578 874	348 752
	91 - 120 Days	329 930	410 676
	+ 120 Days	11 270 707	7 488 305
		<u>15 313 756</u>	<u>11 676 802</u>
	<u>Total: Ageing</u>		
	Current (0 - 30 days)	25 212 187	29 148 766
	31 - 60 Days	7 623 964	3 650 837
	61 - 90 Days	3 095 582	2 252 818
	91 - 120 Days	2 684 734	2 313 435
	+ 120 Days	40 923 986	31 115 115
		<u>79 540 452</u>	<u>68 480 971</u>
	<i>The total ageing does not include the provision for income not yet billed of R 17 450 577 (2017: R 21 427 324).</i>		
	Ageing of Receivables from Non-Exchange Transactions:		
	<u>Rates: Ageing</u>		
	Current (0 - 30 days)	5 930 032	8 995 283
	31 - 60 Days	2 328 367	383 087
	61 - 90 Days	259 410	271 500
	91 - 120 Days	152 636	135 612
	+ 120 Days	13 931 495	9 428 147
		<u>22 601 939</u>	<u>19 213 629</u>
	<i>The ageing does not include sundry debtors of R 95 553 and traffic fines of R 481 336.</i>		
	<i>Payments received are being prioritised in the following order:</i>		
	<ul style="list-style-type: none"> - Property Rates - Refuse and Sanitation - Water - Electricity 		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018	6 August 2016 - 30 June 2017
		R	2017 R
	Reconciliation of the Provision for Impairment		
	Balance at beginning of the year	42 552 531	28 859 959
	Balance Previously Reported		28 342 995
	Correction of Error - refer to note 36.04		516 964
	Provision for bad debt	18 188 118	13 692 572
	Balance Previously Reported		18 408 800
	Correction of Error - refer to note 36.04		(4 716 229)
	Amounts written off as uncollectable	-	-
	Balance Previously Reported		(8 673 291.63)
	Correction of Error - refer to note 36.04		8 673 292
	Balance at the end of the year	60 740 649	42 552 531
	Receivables from Exchange Transactions	38 778 540	30 215 638
	Receivables from Non-Exchange Transactions	21 962 109	12 336 893
	<p><i>Receivables from Exchange Transactions are billed monthly. No interest is charged on Receivables until the next billing period in the following month. Thereafter interest is charged at a rate determined by Council on the outstanding balance.</i></p> <p><i>Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.</i></p> <p><i>The Municipality did not pledge any of its Receivables as security for borrowing purposes.</i></p> <p><i>Concentrations of credit risk with respect to trade receivables are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.</i></p>		

5	OPERATING LEASE ASSET		
	Balance at the beginning of the period	92 517	34 349
	Operating Lease Revenue effected	41 502	58 169
	Total Operating Lease Asset	134 020	92 517
	The municipality as Lessor:		
	<p><i>Operating Leases relate to Property owned by the municipality with lease terms of between 2 to 20 years, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.</i></p>		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018	6 August 2016 - 30 June 2017
		R	2017 R
	Amounts receivable under Operating Leases:		
	<i>At the reporting date the following minimum lease payments were receivable under non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follow:</i>		
	Up to 1 year	(16 973)	(41 502)
	2 to 5 years	150 993	93 919
	More than 5 years	-	40 101
	Total Operating Lease Arrangements	134 020	92 517
	<i>No restrictions have been imposed by the municipality in terms of the operating lease agreements.</i>		
6	CASH AND CASH EQUIVALENTS		
	Cashier's Float	3 740	3 740
	Petty Cash	2 000	2 000
	Short-Term Investments qualifying as Cash and Cash Equivalents	56 928 409	41 097 846
	Primary Bank Account - ABSA Bank Limited	18 317 731	846 816
	Cash book balance of traffic account	1 330 562	1 755 813
	Cheque Account - Standard Bank Limited	-	48 103
	Total Cash and Cash Equivalents	76 582 442	43 754 318
	<u>Current Account (Primary Bank Account)</u>		
	<i>ABSA Bank Limited - Upington Branch: Account Number 22-4000-0051</i>		
	Cash Book Balance at Beginning of Period	846 816	3 858 394
	Cash Book Balance at End of Period	18 317 731	846 816
	Bank Statement Balance at Beginning of Period	7 688 190	5 978 091
	Bank Statement Balance at End of Period	17 415 660	7 688 190
	<i>The Municipality does not have any overdrawn current account facilities with its banker as at 30 June 2018.</i>		
	<u>Current Account (Traffic Bank Account)</u>		
	<i>ABSA Bank Limited - Upington Branch: Account Number 40-8511-2448</i>		
	Cash Book Balance at Beginning of Period	1 755 813	191 484
	Cash Book Balance at End of Period	1 330 562	1 755 813
	Bank Statement Balance at Beginning of Period	1 718 003	400 280
	Bank Statement Balance at End of Period	1 313 722	1 718 003

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
	<u>Current Account (Standard Bank Account)</u>		
	<i>Standard Bank Limited - Uppington Branch: Account Number 406 81 092</i>		
	Cash Book Balance at Beginning of Period	48 103	154 251
	Cash Book Balance at End of Period	-	48 103
	Bank Statement Balance at Beginning of Period	48 103	451
	Bank Statement Balance at End of Period	-	48 103
	<i>The account was closed during July 2017 and is no longer in use.</i>		
	Investments qualifying as Cash and Cash Equivalents:		
	ABSA Bank 90-8329-4211	24 720	25 445
	Investec Bank 1100-528419-623	3 960 972	3 682 963
	Investec Bank 1100-528419-624	52 942 717	37 384 737
	Stanlib 0054491328	-	2 605
	Stanlib 0054491263	-	1 045
	Stanlib 0054491301	-	1 051
		56 928 409	41 097 846
7	NON-CURRENT BORROWINGS		
	Annuity Loans	115 191 410	112 736 586
	Less : Current portion transferred to current liabilities	(9 876 274)	(8 715 878)
	Total Non-Current Borrowings	105 315 136	104 020 707
	<i>A loan to the amount of R 10 million was raised on the 29th of June 2018. The full detail regarding the term and interest rate are disclosed in Appendix A to the Annual Financial Statements.</i>		
	<i>(Refer to Appendix A for more detail on long-term liabilities)</i>		
8	FINANCE LEASE LIABILITY		
	Balance at the beginning of the period	-	48 405
	Finance Lease liability affected	-	(48 405)
	Total Finance Lease Liability	-	-
	The municipality as Lessee:		
	<i>Finance Lease relate to equipment that was leased for a period of three years ending September 2016.</i>		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

			6 August 2016 - 30 June 2017 2017 R
Note	Description	2018 R	
9	NON-CURRENT EMPLOYEE BENEFITS		
	Post Retirement Medical Benefits	87 457 918	91 281 417
	Long-Service Awards	13 319 818	12 971 326
	Total Non-current Employee Benefits	100 777 736	104 252 743
9.1	POST RETIREMENT MEDICAL BENEFITS		
	Balance 1 July / 6 August	93 822 168	86 930 038
	Service Cost	6 969 055	4 658 089
	Interest Cost	11 078 450	8 129 499
	Expenditure for the year	(2 780 755)	(2 318 214)
	Past Service Cost	3 736 995	-
	Actuarial (Gain)	(22 470 148)	(3 577 244)
		90 355 765	93 822 168
	Portion	(2 897 847)	(2 540 751)
	Net Post-Employment Health Care Benefit Liability	87 457 918	91 281 417
9.2	LONG SERVICE AWARDS		
	Balance 1 July / 6 August	14 056 587	12 874 102
	Service Cost	1 371 700	1 324 800
	Interest Cost	1 171 660	1 037 431
	Expenditure for the year	(1 580 135)	(746 030)
	Actuarial (Gain)	(210 488)	(433 716)
		14 809 324	14 056 587
	Portion	(1 489 506)	(1 085 261)
	Net Long Service Awards Liability	13 319 818	12 971 326
	TOTAL NON-CURRENT EMPLOYEE BENEFITS		
	Balance 1 July / 6 August	107 878 755	99 804 140
	Service Cost	8 340 755	5 982 889
	Interest Cost	12 250 110	9 166 930
	Expenditure for the year	(4 360 890)	(3 064 244)
	Past Service Cost	3 736 995	-
	Actuarial (Gain)	(22 680 636)	(4 010 960)
		105 165 089	107 878 755
	Portion	(4 387 353)	(3 626 012)
	Net Post-Employment Health Care Benefit Liability	100 777 736	104 252 743
	Post Retirement Benefits		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

		6 August 2016 - 30 June 2017	
Note	Description	2018 R	2017 R
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	- In-service (employees) members	434	443
	- In-service (employee) non-members	502	522
	- Continuation members (e.g. Retirees, widows, orphans)	71	70
	Total	1 007	1 035
	The liability in respect of past service has been estimated to be as follows:		
	- In-service members	42 878 717	41 665 142
	- In-Service non-members	13 070 528	15 048 575
	- Continuation members	34 406 520	37 108 451
		90 355 765	93 822 168
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
		6 August 2016 - 30 June 2017	
		2018 R millions	2017 R millions
	Members	90.356	93.822
	Total Liability	90.356	93.822
		6 August 2016 - 30 June 2017	
		2018 R millions	2017 R millions
	Experience adjustments were calculated as follows:		
	Liabilities: (Gain) / Loss	(18.565)	4.948
	Assets: Gain / (Loss)	-	-
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
		2016 R millions	2015 R millions
	Liabilities: (Gain) / Loss	-	-
	Assets: Gain / (Loss)	-	-
	The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.		
	As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	<div>6 August 2016</div> <div>- 30</div> <div>June 2017</div> <div>2017</div> <div>R</div>																																																
	<p>Therefore, although the Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.</p> <p>The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:</p> <ul style="list-style-type: none"> - Bonitas - Hosmed - LA Health - Keyhealth - Samwumed <p>Key actuarial assumptions used:</p> <p>The principal assumptions used for the purposes of the actuarial valuations were as follows:</p> <p>Rate of interest</p> <table> <tr> <td>Discount rate</td><td>9.63%</td><td>11.97%</td></tr> <tr> <td>Health Care Cost Inflation Rate</td><td>7.40%</td><td>10.40%</td></tr> <tr> <td>Net Effective Discount Rate</td><td>2.08%</td><td>1.42%</td></tr> <tr> <td>Maximum Subsidy Inflation Rate</td><td>5.18%</td><td>7.43%</td></tr> <tr> <td>Net-of-maximum--subsidy-inflation discount rate</td><td>4.24%</td><td>4.23%</td></tr> </table> <p>Mortality rates</p> <p>The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries</p> <p>Normal retirement age</p> <p>It has been assumed that in-service members will retire at an average age of 63, which then implicitly allows for expected rates of early and ill-health retirement.</p> <p>The amounts recognised in the Statement of Financial Position are as follows:</p> <table> <tr> <td>Present value of fund obligations</td><td>90 355 765</td><td>93 822 168</td></tr> <tr> <td>Net liability/(asset)</td><td>90 355 765</td><td>93 822 168</td></tr> </table> <p>The Municipality has elected to recognise the full increase in this defined benefit liability immediately</p> <table> <tr> <td>Balance 1 July</td><td>93 822 168</td><td>86 930 038</td></tr> <tr> <td>Contribution for the year</td><td>6 969 055</td><td>4 658 089</td></tr> <tr> <td>Interest Cost</td><td>11 078 450</td><td>8 129 499</td></tr> <tr> <td>Expenditure for the year</td><td>(2 780 755)</td><td>(2 318 214)</td></tr> <tr> <td>Past Service Cost</td><td>3 736 995</td><td>-</td></tr> <tr> <td>Actuarial (Gain)</td><td>(22 470 148)</td><td>(3 577 244)</td></tr> <tr> <td></td><td>90 355 765</td><td>93 822 168</td></tr> <tr> <td>Portion</td><td>(2 897 847)</td><td>(2 540 751)</td></tr> <tr> <td>Net Post-Employment Health Care Benefit Liability</td><td>87 457 918</td><td>91 281 417</td></tr> </table>	Discount rate	9.63%	11.97%	Health Care Cost Inflation Rate	7.40%	10.40%	Net Effective Discount Rate	2.08%	1.42%	Maximum Subsidy Inflation Rate	5.18%	7.43%	Net-of-maximum--subsidy-inflation discount rate	4.24%	4.23%	Present value of fund obligations	90 355 765	93 822 168	Net liability/(asset)	90 355 765	93 822 168	Balance 1 July	93 822 168	86 930 038	Contribution for the year	6 969 055	4 658 089	Interest Cost	11 078 450	8 129 499	Expenditure for the year	(2 780 755)	(2 318 214)	Past Service Cost	3 736 995	-	Actuarial (Gain)	(22 470 148)	(3 577 244)		90 355 765	93 822 168	Portion	(2 897 847)	(2 540 751)	Net Post-Employment Health Care Benefit Liability	87 457 918	91 281 417	
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DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

				6 August 2016 - 30 June 2017 2017 R		
Note	Description		2018 R			
	Sensitivity Analysis on the Accrued Liability	In-Service members liability R millions	Continuation members liability R millions	Total liability R millions		
	Assumption					
	Central Assumptions	55.949.	34.407.	90.356.		
	The effect of movements in the assumptions are as follows:					
	Assumptions	Change	Liability R millions	Change %		
	Central assumptions	-	90.356	-		
	Health Care Inflation	+ 1%	96.294	7%		
	Health Care Inflation	- 1%	81.993	-9%		
	Discount Rate	+ 1%	77.955	-14%		
	Discount Rate	- 1%	105.956	17%		
	Post-retirement mortality	-1 year	92.996	3%		
	Average retirement age	-1 year	94.359	4%		
	Continuation of membership at retirement	-10%	82.721	-8%		
	Sensitivity Analysis on Current-service and Interest Cost for the year ending 30 June 2018					
	The effect of movements in the assumptions are as follows:					
	Assumptions	Change	Current Service Cost R millions	Interest Cost R millions	Total R millions	Change %
	Central Assumptions		6.9691	11.0785	18.0475	
	Health Care Inflation	+ 1%	8.6492	13.1129	21.7621	21%
	Health Care Inflation	- 1%	5.6611	10.0849	15.7460	-13%
	Discount Rate	+ 1%	5.7454	10.2751	16.0205	-11%
	Discount Rate	- 1%	8.5505	11.9714	20.5218	14%
	Post-retirement mortality	-1 year	7.2005	11.4503	18.6509	3%
	Average retirement age	-1 year	7.5835	11.3630	18.9465	5%
	Continuation of membership at retirement	-10%	6.4004	10.5275	16.9280	-6%
	Sensitivity Analysis on Current-service and Interest Cost for the year ending 30 June 2019					
	The effect of movements in the assumptions are as follows:					

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description					6 August 2016
						- 30 June 2017
				2018		2017
				R		R
	Assumptions	Change	Current Service Cost R millions	Interest Cost R millions	Total R millions	Change %
	Central Assumptions		5.5401	8.5649	14.1050	
	Health Care Inflation	+ 1%	6.0345	9.1361	15.1706	8%
	Health Care Inflation	- 1%	4.8271	7.7602	12.5873	-11%
	Discount Rate	+ 1%	4.5734	8.1365	12.7100	-10%
	Discount Rate	- 1%	6.7868	9.0216	15.8085	12%
	Post-retirement mortality	-1 year	5.6930	8.8191	14.5121	3%
	Average retirement age	-1 year	5.9600	8.9505	14.9105	6%
	Continuation of membership at retirement	-10%	4.7071	7.8297	12.5368	-11%
	Long Service Bonuses					Employees
	The Long Service Bonus plans are defined benefit plans					
	As at year end, the following number of employees were eligible for Long Service Bonuses					
					932	965
	Rate of interest					
	Discount Rate				8.59%	8.67%
	General Increase Rate				6.19%	6.47%
	Net Discount Rate				2.26%	2.07%
	The amounts recognised in the Statement of Financial Position are as follows:					
	Present value of fund obligations				14 809 324	14 056 587
	Net liability				14 809 324	14 056 587
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:					
			6 August 2016			
			-			
			30 June 2017			
			2017	2016	2015	2014
			R millions	R millions	R millions	R millions
	Members		14.809	14.057	-	-
	Total Liability		14.809	14.057	-	-

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R	
			2018 R millions	30 June 2017 2017 R millions
	Experience adjustments were calculated as follows:			
	Liabilities: (Gain) / Loss	(0.033)		1.016
	Assets: Gain / (Loss)	-		-
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
		2016 R millions	2015 R millions	2014 R millions
	Liabilities: (Gain) / Loss	-	-	-
	Assets: Gain / (Loss)	-	-	-
			2018	6 August 2016 - 30 June 2017 2017
	Balance 1 July	14 056 587		12 874 102
	Contribution for the year	1 371 700		1 324 800
	Interest Cost	1 171 660		1 037 431
	Expenditure for the year	(1 580 135)		(746 030)
	Actuarial (Gain)	(210 488)		(433 716)
		14 809 324		14 056 587
	Portion	(1 489 506)		(1 085 261)
	Net Post-Employment Health Care Benefit Liability	13 319 818		12 971 326
	Sensitivity Analysis on the Accrued Liability			
	Assumptions	Change	Liability R millions	Change %
	Central assumptions	-	14.809	-
	General earnings inflation	+ 1%	15.764	6%
	General earnings inflation	- 1%	13.943	-6%
	Discount rate	+ 1%	13.880	-6%
	Discount rate	- 1%	15.853	7%
	Average retirement age	-2 yrs	13.682	-8%
	Average retirement age	+2 yrs	16.169	9%
	Withdrawal rates	- 50%	17.165	16%
	Sensitivity Analysis on Current-service and Interest Cost for the year ending 30 June 2018			
	The effect of movements in the assumptions are as follows:			

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description					6 August 2016 - 30 June 2017 2017 R
		2018 R				R
	<div> <div>Assumptions</div> <div>Change</div> <div>Current Service Cost R millions</div> <div>Interest Cost R millions</div> <div>Total R millions</div> <div>Change %</div> </div>					
	Central Assumptions	1.3717	1.1717	2.5434		
	General Earnings Inflation 1%	1.4861	1.2556	2.7417	8%	
	General Earnings Inflation -1%	1.2693	1.0955	2.3648	-7%	
	Discount Rate 1%	1.2721	1.2242	2.4964	-2%	
	Discount Rate -1%	1.4847	1.1099	2.5947	2%	
	Average retirement age -2 years	1.1939	1.1943	2.3882	-6%	
	Average retirement age +2 years	1.3717	1.3721	2.7438	8%	
	Withdrawal Rate -50%	1.7331	1.3843	3.1174	23%	
	Sensitivity Analysis on Current-service and Interest Cost for the year ending 30 June 2019					
	The effect of movements in the assumptions are as follows:					
	<div>Assumptions</div> <div>Change</div> <div>Current Service Cost R millions</div> <div>Interest Cost R millions</div> <div>Total R millions</div> <div>Change %</div>					
	Central Assumptions	1.3839	1.2095	2.5934		
	General Earnings Inflation 1%	1.5010	1.2915	2.7925	8%	
	General Earnings Inflation -1%	1.2792	1.1350	2.4142	-7%	
	Discount Rate 1%	1.2867	1.2613	2.5480	-2%	
	Discount Rate -1%	1.4942	1.1478	2.6420	2%	
	Average retirement age -2 years	1.2704	1.1116	2.3820	-8%	
	Average retirement age +2 years	1.5081	1.3269	2.8350	9%	
	Withdrawal Rate -50%	1.7311	1.4118	3.1429	21%	
10	NON-CURRENT PROVISIONS					
	Landfill Site - Environmental Rehabilitation		49 288 622	82 146 119		
	Quarries - Environmental Rehabilitation		32 815 625	75 778 960		
	Total Non-Current Provisions		82 104 247	157 925 079		
10.1	<u>Landfill Site - Environmental rehabilitation</u>					
	Balance beginning of the period		85 753 568	21 790 933		
	Change in landfill closure provision		(21 966 702)	63 962 635		
	Interest Cost		-	-		
			63 786 866	85 753 568		
	Less: Transfer of Current Portion		(14 498 244)	(3 607 449)		
	Balance at the end of the period		49 288 622	82 146 119		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

			6 August 2016 - 30 June 2017		
Note	Description	2018 R	2017 R		
	Dawid Kruiper Municipality currently operate a landfill sites. Environmental rehabilitation – environmental obligation to rehabilitate the various landfill sites upon closure.				
	Askham Landfill Site	3 783 170	5 053 712		
	De Duine Landfill Site	28 284 620	44 454 314		
	Groot Mier Landfill Site	3 909 791	4 735 479		
	Leerkrans Landfill Site	3 608 409	4 543 430		
	Loubos Landfill Site	4 018 263	5 025 681		
	Noenieput Landfill Site	4 250 443	3 039 206		
	Philandersbron Landfill Site	4 102 437	4 676 658		
	Rietfontein Landfill Site	4 059 192	5 422 428		
	Swartkop Landfill Site	3 867 934	3 941 508		
	Welkom Landfill Site	3 902 606	4 861 152		
	Total Landfill site rehabilitation	63 786 866	85 753 568		
	In terms of the licencing of the landfill refuse sites, the Municipality will incur rehabilitation costs to restore the sites at the end of their useful lives.				
	Key financial assumptions used for 30 June 2018:				
		CPI	Discount Rate	Risk Allowance	Net Rate
	Askham Landfill Site	5.10%	8.25%	0.50%	2.5%
	Loubos Landfill Site	5.10%	5.63%	0.50%	0.0%
	Swartkopdam Landfill Site	5.10%	8.25%	0.50%	2.5%
	De Duine Landfill Site	5.10%	8.25%	0.50%	2.5%
	Noenieput Landfill Site	5.10%	9.83%	1.00%	3.5%
	Welkom Landfill Site	5.10%	8.25%	0.50%	2.5%
	Groot Mier Landfill Site	5.10%	8.25%	0.50%	2.5%
	Philandersbron Landfill Site	5.10%	8.25%	0.50%	2.5%
	Leerkrans Landfill Site	5.10%	5.63%	0.50%	0.0%
	Rietfontein Landfill Site	5.10%	8.25%	0.50%	2.5%
	Key financial assumptions used for 30 June 2017:				
	Assumptions				
		CPI	Discount Rate	Net Rate	
	Askham Landfill Site	5.6372%	8.1372%	2.5000%	
	Loubos Landfill Site	5.6372%	8.6372%	3.0000%	
	Swartkopdam Landfill Site	5.6372%	8.1372%	2.5000%	
	De Duine Landfill Site	5.6372%	8.1372%	2.5000%	
	Noenieput Landfill Site	5.6372%	8.1372%	2.5000%	
	Welkom Landfill Site	5.6372%	8.6372%	3.0000%	
	Groot Mier Landfill Site	5.6372%	8.6372%	3.0000%	
	Philandersbron Landfill Site	5.6372%	8.1372%	2.5000%	
	Leerkrans Landfill Site	5.6372%	8.6372%	3.0000%	
	Rietfontein Landfill Site	5.6372%	8.1372%	2.5000%	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

			6 August 2016	
				- 30
				June 2017
				2017
Note	Description	2018		R
		R		
10.2	Quarries - Environmental rehabilitation			
	Balance beginning of the period	102 758 995		19 145 769
	Change in quarry closure provision	(63 304 159)		83 613 226
		39 454 836		102 758 995
	Less: Transfer of Current Portion	(6 639 211)		(26 980 035)
	Balance at the end of the period	32 815 625		75 778 960
	<i>Dawid Kruiper Municipality currently operates three quarries, while two quarries are not in use anymore. The municipality have an environmental obligation to rehabilitate the various landfill sites upon closure.</i>			
	Leseding Quarry	10 780 877		25 233 180
	Spitskop Quarry	23 561 992		59 804 836
	Upington Quarry	4 655 004		15 974 124
	Rietfontein 1 Quarry	225 513		696 449
	Rietfontein 2 Quarry	231 450		1 050 406
	Total Quarries rehabilitation	39 454 836		102 758 995
	<i>In terms of the licencing of the landfill refuse sites, the Municipality will incur rehabilitation costs to restore the sites at the end of their useful lives.</i>			
	Key financial assumptions used for 30 June 2018:			
		CPI	Discount Rate	Risk Allowance
				Net Rate
	Leseding Quarry	5.10%	5.63%	0.50%
	Spitskop Quarry	5.10%	8.25%	0.50%
	Upington Quarry	5.10%	8.25%	0.50%
	Rietfontein 1 Quarry	5.10%	8.25%	0.50%
	Rietfontein 2 Quarry	5.10%	5.63%	0.50%
	Key financial assumptions used for 30 June 2017:			
		CPI	Discount Rate	Net Rate
	Leseding Quarry	5.6372%	8.1372%	2.5000%
	Spitskop Quarry	5.6372%	8.1372%	2.5000%
	Upington Quarry	5.6372%	8.1372%	2.5000%
	Rietfontein 1 Quarry	5.6372%	8.1372%	2.5000%
	Rietfontein 2 Quarry	5.6372%	8.1372%	2.5000%
10.3	Performance Bonuses			
	Balance beginning of the period	-		107 083
	Transferred to Provisions	-		(107 083)
	Balance at the end of the period	-		-

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

			6 August 2016 - 30 June 2017 2017 R
Note	Description	2018 R	
11	CONSUMER DEPOSITS		
	Electricity and Water	9 272 790	8 667 613
	Sundry	2 196 353	2 200 236
	Total Consumer Deposits	11 469 143	10 867 850
	Guarantees Held In Lieu of Electricity and Water Deposits	270 335	270 335
	<i>Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the Municipality can utilise the deposit as payment for the outstanding account.</i>		
	<i>No interest is paid on Consumer Deposits held.</i>		

12	PROVISIONS		
	Performance Bonus	976 635	1 073 946
	Leave Provision	23 639 081	18 710 414
	Current portion of Non-Current Provisions	21 137 455	30 587 484
	Total Provisions	45 753 170	50 371 844
	Performance bonuses		
	Balance beginning of the period	1 073 946	1 024 249
	Performance bonuses paid	(1 164 169)	(1 040 911)
	Transferred from non-current provisions		107 083
	Contributions	1 066 858	983 525
	Balance at the end of the period	976 635	1 073 946
	Leave Provision		
	Balance beginning of the period	18 710 414	18 098 021
	Leave payouts	(701 143)	(1 182 717)
	Contribution	5 629 809	1 795 110
	Balance at the end of the period	23 639 081	18 710 414

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

		6 August 2016 - 30 June 2017 2017 R
Note	Description	2018 R
13	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	
	Trade Creditors	76 310 181
	Payments Received in Advance	4 559 320
	Retentions	2 824 571
	Unidentified Deposits	1 820 373
	Other Creditors	15 445 226
	Balance Previously Reported	4 678 904
	Correction of Error - refer to note 36.05	4 344
	Leave Accrual	919 050
	Staff Bonuses	8 521 296
	Total Trade and Other Payables from Exchange Transactions	110 400 017
	<i>Due to the short term nature of these items, the carrying value approximated the fair value</i>	
	<i>The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Municipality deals with. The Municipality has policies in place to ensure that all payables are paid within the credit timeframe.</i>	
	Leave accrual	
	Balance beginning of the period	1 784 168
	Leave payments	-
	Reversal of Provision	(865 118)
	Balance at the end of the period	919 050
	<i>Provision for leave values due to employees is calculated in terms of the standard conditions of employment. The provision for leave is calculated on the cost to council, leave payouts are done on basic salary.</i>	
	Staff Bonuses	
	Balance beginning of the period	7 604 778
	Bonus Payments	(13 408 346)
	Contributions	14 324 864
	Balance at the end of the period	8 521 296
	<i>Provision for bonuses paid in November due to employees is calculated on a pro-rata basis from the 1st of December till the 30th of June based on the basic salary on which bonuses are paid.</i>	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	6 August 2016	
		2018	June 2017
		R	R
14	UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
14.1	Conditional Grants From Other Spheres of Government	30 942 319	19 078 711
	EPWP - National	-	88 411
	EEDMS	1 870 938	-
	Other	65 973	105 178
	DWA	4 344	4 344
	Housing	1 631 081	1 792 081
	Municipal Demarcation Transition Grant	4 568 028	11 950 540
	Balance Previously Reported		12 015 409
	Correction of Error - refer to note 36.06		(64 869)
	Provincial Grants	4 000 000	5 018 000
	Bloodhound Funding	3 639	3 639
	MIG	6 907 150	116 519
	INEP	8 101 918	-
	WSIG	3 789 248	-
	Total Unspent Conditional Grants and Receipts	30 942 319	19 078 711
	<i>Refer to note 18 for reconciliation of grants from other spheres of government.</i>		
	<i>Due to the short term nature of these items, the carrying value approximated the fair value</i>		
15	TAXES		
	VAT (Receivable) / Payable	(1 505 385)	3 580 211
	Total Taxes	(1 505 385)	3 580 211
	<i>VAT is payable on the cash basis. Only once payment is received from debtors is VAT paid over to SARS and claimed from SARS when actual payment of creditors are done.</i>		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
16	ACCUMULATED SURPLUS		
	Accumulated surplus / (deficit)	1 954 851 649	1 994 745 937
	Balance Previously Reported		1 984 223 451
	Correction of Error - refer to note 36.07		10 522 486
	Total Accumulated Surplus	1 954 851 649	1 994 745 937
17	PROPERTY RATES		
	General Rates		
	Total Assessment Rates	103 597 458	83 629 815
	Less: Revenue Foregone	(10 274 835)	(8 224 087)
	Total Property Rates	93 322 624	75 405 729
	Valuations	2018/06/30 R 000's	2017/06/30 R 000's
	Residential & Commercial	6 121 576	5 923 484
	Agricultural	5 516 046	5 566 221
	State	609 680	617 992
	PSI	23 392	23 588
	Non Rateable	646 909	604 454
	Total Property Valuations	12 917 603	12 735 739
	<i>The Section 12 Notice, per Provincial Gazette dated 25 July 2016, No. 2030 stated that:</i>		
	... "The valuation rolls for the disestablished municipalities which cover the area of the municipality remain valid for the area covered by it until the municipality has prepared a combined comprehensive roll. Notwithstanding the provisions of any applicable law to the contrary and notwithstanding the disestablishment of the disestablished municipalities, the 2016/17 budget of the disestablished municipalities, including tariffs, shall remain in force until 30 June 2017 and the budgets of the two disestablished municipalities shall together be deemed to constitute the budget of the municipality until 30 June 2017; provided that the budget may be adjusted in terms of any applicable law"...		
	<i>Valuations on land and buildings are generally performed every four years, except where the MEC granted exemption for additional years. The general valuation came into effect on 1 July 2014. A general rate of R 0.0116111 (2017: R 0.0109024) (//Khara Hais Local Municipality) and R 0.00993 (2017: R 0.00933) (Mier Local Municipality) were applied to property valuations to determine assessment rates. Rates are levied on an annual or monthly basis on properties depending on the choice made by the property owner.</i>		
18	GOVERNMENT GRANTS AND SUBSIDIES		
	Government Grants and Subsidies - Operating	86 781 238	71 495 113
	Balance Previously Reported		71 430 244.10
	Correction of Error - refer to note 36.09		64 869
	Government Grants and Subsidies - Capital	34 192 154	35 364 310
	Total Government Grants and Subsidies	120 973 392	106 859 423
	Equitable Share	70 769 000	57 989 000
	INEP	8 898 082	5 000 000
	Provincial	4 048 000	1 468 219
	Housing Subsidy	650 000	650 000
	MIG	12 816 369	25 736 762
	WSIG	3 210 752	-
	FMG	4 045 000	3 623 128
	Other Conditional Grants	49 204	794 195
	EPWP - National Grant	1 249 411	1 986 458
	MTDG	11 947 512	1 478 460
	EEDSMG	3 129 062	7 000 000
	CoGHTA	161 000	1 133 200
	Total Government Grants and Subsidies	120 973 392	106 859 423

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
18.01	Equitable Share		
	<i>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy which is funded from this grant.</i>		
18.02	INEP Grant		
	Balance unspent at beginning of year	-	-
	Current year receipts -	17 000 000	5 000 000
	Conditions met - transferred to revenue	(8 898 082)	(5 000 000)
	Conditions still to be met - transferred to liabilities	8 101 918	-
	<i>This grant was used for electrical connections in previously disadvantaged areas.</i>		
18.03	Provincial Grants		
	Balance unspent at beginning of year	5 018 000	361 333
	Current year receipts	3 030 000	7 138 000
	Other transfers	-	(1 013 114)
	Conditions met - transferred to revenue	(4 048 000)	(1 468 219)
	Conditions still to be met - transferred to liabilities	4 000 000	5 018 000
	<i>The grant was utilised for the upgrading of library infrastructure and equipment, as well as operating expenditure.</i>		
18.04	MIG		
	Balance unspent at beginning of year	116 519	(1 323 719)
	Current year receipts	19 607 000	27 177 000
	Conditions met - transferred to revenue	(12 816 369)	(25 736 762)
	Conditions still to be met - transferred to liabilities	6 907 150	116 519
	<i>The Municipal infrastructure grant is utilised for the construction of infrastructure in terms of the conditions of the grant. .</i>		
	<i>R 5 861 000 of the total allocation of R 25 468 000 was withheld due to slow spending on the MIG Projects. Therefor only R 19 607 000 of the amount allocated in the DoRA was received.</i>		
18.05	Housing		
	Balance unspent at beginning of year	-	-
	Current year receipts	650 000	650 000
	Conditions met - transferred to revenue	(650 000)	(650 000)
	Conditions still to be met	-	-
	<i>The Housing Grant is allocated to municipalities to provide the housing function on behalf of Provincial Government.</i>		
18.06	WSIG		
	Balance unspent at beginning of year	-	-
	Current year receipts	7 000 000	-
	Conditions met - transferred to revenue	(3 210 752)	-
	Conditions still to be met - transferred to liabilities	3 789 248	-
	<i>The Water Services Infrastructure Grant facilitates the planning and implementation of various water and on-site sanitation projects to accelerate backlog reduction and enhance sustainability of services.</i>		
18.07	FMG		
	Balance unspent at beginning of year	-	(11 872)
	Current year receipts	4 045 000	3 635 000
	Conditions met - transferred to revenue	(4 045 000)	(3 623 128)
	Conditions still to be met	-	-
	<i>The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).</i>		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
18.08	Other		
	Balance unspent at beginning of year	108 816	853 011
	Current year receipts	10 000	50 000
	Conditions met - transferred to revenue	(49 204)	(794 195)
	Conditions still to be met - transferred to liabilities	69 612	108 816
	<i>Various grants received from different spheres (e.g. Lotto)</i>		
18.09	EPWP - National		
	Balance unspent at beginning of year	88 411	74 869
	Current year receipts	1 161 000	2 000 000
	Conditions met - transferred to revenue	(1 249 411)	(1 986 458)
	Conditions still to be met - transferred to liabilities	-	88 411
	<i>The Expanded Public Works Programme Grant was allocated to the Municipality for the installation of water meters.</i>		
18.10	EPWP - Provincial		
	Balance unspent at beginning of year	-	(662 079)
	Written off	-	662 079
	Conditions still to be met	-	-
	<i>The Expanded Public Works Programme Grant was allocated to the Municipality for paving projects in the community and improvement of roads.</i>		
18.11	DWA		
	Balance unspent at beginning of year	4 344	4 344
	Conditions still to be met - transferred to liabilities	4 344	4 344
	<i>The grant was used for capital expenditure in water reticulation and production.</i>		
18.12	EEDSMG		
	Balance unspent at beginning of year	-	-
	Current year receipts	5 000 000	7 000 000
	Conditions met - transferred to revenue	(3 129 062)	(7 000 000)
	Conditions still to be met - transferred to liabilities	1 870 938	-
	<i>To provide subsidies to municipalities to implement Energy Efficiency and Demand Side Management initiatives within municipal infrastructure, in order to reduce electricity consumption and improve energy efficiency.</i>		
18.13	CoGHSA		
	Balance unspent at beginning of year	1 792 081	2 925 281
	Conditions met - transferred to revenue	(161 000)	(1 133 200)
	Conditions still to be met - transferred to liabilities	1 631 081	1 792 081
	<i>To provide funding for the creation of sustainable and integrated human settlements.</i>		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
18.14	Municipal Demarcation Transition Grant		
	Balance unspent at beginning of year	11 950 540	5 372 000
	Current year receipts	4 565 000	8 057 000
	Conditions met - transferred to revenue	(11 947 512)	(1 478 460)
	Balance Previously Reported		(1 413 591)
	Correction of Error - refer to note 36.09		(64 869)
	Conditions still to be met - transferred to liabilities	4 568 028	11 950 540
	<i>A grant was received by National Treasury to cover costs which arise from the merger of //Khara Hais Municipality and Mier Municipality.</i>		
19	FINES, PENALTIES AND FORFEITS		
	Fines	7 092 704	4 459 029
	Illegal Connections	67 760	-
	Law Enforcement Fines	2 845	100
	Municipal Traffic Fines	7 015 131	4 451 650
	Overdue Books Fines	6 968	7 279
	Forfeits	184 872	5 827
	Total Fines, Penalties and Forfeits	7 277 576	4 464 856
20	OPERATIONAL REVENUE		
	Administrative Handling Fees	206 763	357 727
	Bad Debts Recovered	-	51 341
	Breakages and Losses Recovered	86 218	291
	Commission	688 429	484 284
	Discounts and Early Payments	1 770 671	24 926
	Incidental Cash Surpluses	29 418	21 297
	Inspection Fees	32 966	-
	Insurance Refund	445 085	139 575
	Recovery of Infrastructure Maintenance	85 299	-
	Registration Fees	21 683	16 604
	Request for Information	72 914	91 298
	Skills Development Levy Refund	195 261	203 411
	Staff Recoveries	3 169	7 123
	Total Operational Revenue	3 637 876	1 397 877
21	RENTAL FROM FIXED ASSETS		
	Investment Property	4 102 271	3 437 753
	Property, Plant and Equipment	4 616 462	4 733 337
	Total Rental from Fixed Assets	8 718 732	8 171 090
22	SALE OF GOODS AND RENDERING OF SERVICES		
	Administrative Handling Fees	59 837	258 469
	Advertisements	123 009	518 736
	Application Fees for Land Usage	84 182	-
	Building Plan Approval	862 375	697 511
	Camping Fees	39 844	209 251
	Cemetery and Burial	205 009	141 516
	Clearance Certificates	51 817	-
	Development Charges	1 602 402	824 145
	Encroachment Fees	61 247	128 818
	Entrance Fees	328 044	253 882
	Exempted Parking	4 149	3 818
	Fire Services	192 784	-
	Library Fees	14 818	9 175
	Occupation Certificates	6 184	-
	Parking Fees	28 821	4 240

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
	Photocopies and Faxes	126 752	215 601
	Publications	155	286
	Sale of Consumables	29 669	-
	Sale of Goods	321	-
	Stone and Gravel	39 625	47 607
	Sub-Division and Consolidation Fees	115 318	117 901
	Town Planning and Servitudes	3 694 051	2 864 066
	Traffic Control	184 475	359 175
	Water Meter Protectors	1 925	10 279
	Total Sale of Goods and Rendering of Services	7 856 816	6 664 476
	<i>The amounts disclosed above for Operational Revenue and Sale of Goods and Rendering of Services are in respect of services, other than described in notes 17 and 23, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.</i>		
23	SERVICE CHARGES		
	Sale of Electricity	257 122 328	242 247 179
	Prepaid Electricity Sales	86 118 689	80 508 167
	Other Electricity Sales	1 301 134	899 649
	Metered Electricity Sales	174 862 308	164 924 367
	Cost of Free Basic Services - Indigents	(5 159 803)	(4 085 004)
	Total Sale of Water	54 408 318	47 584 830
	Metered Water Sales	53 666 526	47 743 000
	Prepaid Water Sales	1 229 984	2 287 110
	Other Water Sales	2 668 991	227 769
	Cost of Free Basic Services - Indigents	(3 157 183)	(2 673 049)
	Total Refuse Removal	26 579 684	20 262 777
	Refuse Removal	34 443 875	26 503 539
	Cost of Free Basic Services - Indigents	(7 864 191)	(6 240 762)
	Total Sewerage and Sanitation Charges	33 577 242	27 264 038
	Sewerage and Sanitation Charges	41 643 353	33 826 294
	Cost of Free Basic Services - Indigents	(8 066 111)	(6 562 256)
	Total Service Charges	371 687 572	337 358 824
	<i>The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.</i>		
24	LICENCES AND PERMITS		
	Market Porters	12 311	-
	Road and Transport Licences	1 568 143	1 545 993
	Trading Licences	586	25 024
	Total Licences and Permits	1 581 041	1 571 017
25	BULK PURCHASES		
	Electricity	173 017 431	153 934 005
	Water	3 894 924	5 326 354
	Total Bulk Purchases	176 912 356	159 260 360
	<i>Bulk purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased from DWAF.</i>		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
26	CONTRACTED SERVICES Artists and Performers 59 737 5 500 Business and Advisory 136 246 157 758 Balance Previously Reported 153 414 Correction of Error - refer to note 36.11 4 344 Business and Financial Management 2 083 264 4 043 589 Catering Services 229 992 48 100 Civil Engineering 234 979 - Contractors 3 000 - Event Promoters 29 995 - Fire Protection Services 3 233 - Inspection Fees 289 - Laboratory Services 1 153 654 731 273 Land and Quantity Surveyors 169 365 146 171 Legal Cost 1 517 169 690 690 Litter Picking and Street Cleaning 293 649 - Maintenance of Buildings and Facilities 414 280 622 687 Maintenance of Community Assets 94 215 - Maintenance of Infrastructure Assets 1 074 735 2 494 861 Maintenance of Intangible Assets 471 511 - Maintenance of Other Assets 2 417 877 2 666 207 Medical Examinations 221 473 112 338 Occupational Health and Safety - 17 606 Pest Control and Fumigation - 6 150 Project Management - 122 214 Qualification Verification 8 281 5 580 Refuse Removal Contractors 389 000 390 560 Research and Advisory 250 000 - Safeguard and Security - 464 087 Security Services 585 872 - Stage and Sound Crew 168 000 - Town Planners 2 900 610 - Tracing Agents and Debt Collectors 152 473 84 001 Transport Services 15 800 - Valuer and Assessors 266 379 211 761 Total Contracted Services 15 345 077 13 021 130		
27	DEPRECIATION AND AMORTISATION Depreciation on PPE 103 576 401 78 539 784 Balance Previously Reported 93 232 047 Correction of Error - refer to note 36.12 (14 692 264) Amortisation on Intangible Assets 304 960 304 634 Total Depreciation and Asset Impairment 103 881 361 78 844 418		
28	EMPLOYEE RELATED COSTS Employee Related Costs - Salaries and Wages 178 087 563 141 022 693 Housing Benefits 1 986 369 1 565 817 Medical Aid Contributions 13 583 355 12 088 301 Other Benefits and Allowances 7 820 806 6 845 877 Overtime Payments 19 865 198 15 812 561 Payments in Lieu of Leave 4 796 519 1 114 833 Pension Fund and UIF Contributions 33 499 079 26 848 700 Performance Bonus 1 066 858 983 525 Post Retirement Benefit 24 327 860 15 149 819 Skills Development Levy 2 224 519 1 843 240 Staff Bonuses 14 324 864 11 436 965 Travel Allowance 4 161 450 3 599 714 Less: Employee Costs Capitalised (117 252) (84 314) Total Employee Related Costs 305 627 187 238 227 731		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
28.01	Remuneration of the Municipal Manager: D Ngxanga		6 August 2016 - 17 May 2017
	Annual Remuneration	-	1 028 973
	Car Allowance	-	156 839
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	-	214 438
	Performance Bonuses	217 591	216 605
	Total	217 591	1 616 855
	<i>The Municipal Manager resigned on 17 May 2017. The Director: Civil Engineering Services were appointed as Acting Municipal Manager till 30 June 2017. To date, no acting allowance was paid to the acting Municipal Manager for that period.</i>		
28.02	Remuneration of the Municipal Manager: E Ntoba		6 August 2016 - 30 June 2017
	Annual Remuneration	1 191 452	-
	Car Allowance	228 744	-
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	15 798	-
	Performance Bonuses	-	-
	Total	1 435 994	-
	<i>The Municipal Manager was appointed on the 1st of July 2017.</i>		
28.03	Remuneration of Chief Financial Officer: G M Schreiner		6 August 2016 - 30 June 2017
	Annual Remuneration	931 152	770 347
	Car Allowance	201 111	181 004
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	199 716	153 268
	Performance Bonuses	157 763	137 384
		1 489 741	1 242 004
28.04	Remuneration of the Director Electro Mechanical Services: H A Auret		6 August 2016 - 30 June 2017
	Annual Remuneration	-	912 352
	Car Allowance	-	32 180
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	-	163 542
	Performance Bonuses	157 763	137 384
	Total	157 763	1 245 458
	<i>The Director: Electro Mechanical Services (H A Auret) has retired as at 30 June 2017.</i>		
28.05	Remuneration of the Director Electro Mechanical Services: A J Snyders		6 August 2016 - 30 June 2017
	Annual Remuneration	907 351	-
	Car Allowance	72 000	-
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	26 336	-
	Leave Gratuity	12 248	-
	Performance Bonuses	-	-
	Total	1 017 934	-
	<i>The Director: Electro Mechanical Services (A B Snyders) was acting from the 1st of July 2017 - 31st of January 2018. He was permantly appointed on the 1st of February 2018.</i>		
28.06	Remuneration of the Director Corporate Services: C M Newman		6 August 2016 - 30 June 2017
	Annual Remuneration	916 336	755 208
	Car Allowance	199 076	181 796

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	216 453	167 060
	Performance Bonuses	157 763	137 384
	Total	1 489 628	1 241 449
28.07	Remuneration of the Director Development Services: M G Bovu		6 August 2016 - 30 June 2017
	Annual Remuneration	1 115 184	935 014
	Car Allowance	202 253	173 090
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	15 675	83
	Performance Bonuses	157 763	137 384
	Total	1 490 875	1 245 572
28.08	Remuneration of the Director Civil Engineering Services: J E Kock		6 August 2016 - 17 May 2017
	Annual Remuneration	1 209 437	1 007 908
	Car Allowance	108 000	97 539
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	16 492	92
	Performance Bonuses	157 763	137 384
	Total	1 491 692	1 242 924
	<i>The Municipal Manager resigned on 17 May 2017. The Director: Civil Engineering Services were appointed as Acting Municipal Manager till 30 June 2017. Senior Technician: Water Distribution was appointed as Acting Director: Civil Engineering Services for the period 18 May 2017 till 30 June 2017.</i>		
28.09	Remuneration of the Acting Director Civil Engineering Services: H Christiaans		18 May 2017 - 30 June 2017
	Acting Allowance	-	60 927
	Total	-	60 927
	<i>The Municipal Manager resigned on 17 May 2017. The Director: Civil Engineering Services were appointed as Acting Municipal Manager till 30 June 2017. Senior Technician: Water Distribution was appointed as Acting Director: Civil Engineering Services for the period 18 May 2017 till 30 June 2017.</i>		
28.10	Remuneration of the Director Development and Planning Services: P Viviers		6 August 2016 - 30 June 2017
	Annual Remuneration	239 984	880 875
	Car Allowance	10 040	36 272
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	58 046	189 265
	Performance Bonuses	157 763	137 384
	Total	465 833	1 243 796
	<i>Director: Planning and Development Services retired on the 30th of September 2017. The position is still vacant.</i>		
	<i>Performance bonuses for the 2016/2017 financial year were paid. Performance bonuses for 2017/2018 financial year is provided as set out in note 12</i>		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
29	FINANCE COSTS		
	Bank Overdraft	-	10 476
	Borrowings	12 017 102	11 634 281
	Overdue Accounts	2 117	193 576
	Total Finance Costs	12 019 218	11 838 334
30	INVENTORY CONSUMED		
	Consumables	16 172 958	11 974 627
	Materials and Supplies	9 503 619	5 194 862
	Balance Previously Reported		5 432 052
	Correction of Error - refer to note 36.13		(237 190)
	Total Inventory Consumed	25 676 577	17 169 490
31	REMUNERATION OF COUNCILLORS		
	Executive Mayor	867 214	696 580
	Speaker	701 929	562 677
	Executive Committee Members	2 319 438	1 799 492
	Councillors	6 944 838	5 454 924
	Total Councillors' Remuneration	10 833 419	8 513 674
	In-kind Benefits		
	<i>The Mayor and Speaker are full-time councillors. Each is provided with an office and secretarial support at the cost of the Council.</i>		
	<i>The Mayor has use of a Council owned vehicle for official duties.</i>		
	<i>All Councillors were provided with a Council laptop and 3G Modem.</i>		
	<i>Refer to Appendix G for more detail.</i>		
32	OPERATIONAL COST		
	Achievements and Awards	36 621	58 638
	Advertising, Publicity and Marketing	361 810	453 443
	Assets less than the Capitalisation Threshold	667 672	284 357
	Bank Charges, Facility and Card Fees	1 348 640	1 603 760
	Bursaries (Employees)	-	53 485
	Cleaning Services	547	21 290
	Commission	4 230 535	3 474 084
	Communication	4 614 193	4 163 994
	Copy Right Fees	-	5 198
	Courier and Delivery Services	17 371	15 949
	Drivers Licences and Permits	16 821	-
	Entertainment	41 592	148 225
	Entrance Fees	-	67 005
	Eskom Connection Fees	-	116 017
	External Audit Fees	4 897 288	6 838 364
	External Computer Service	2 678 323	2 798 652
	Hire Charges	442 820	156 761
	Insurance Underwriting	1 779 268	1 139 215
	Levies Paid - Water Resource Management Charges	179 141	-
	Licences	626 954	-
	Machinery and Equipment	-	53 464
	Management Fee	8 255	-
	Municipal Services	1 454 467	263 615
	Personnel Agency Fees	9 225	6 337
	Printing, Publications and Books	565 715	1 636 807
	Professional Bodies, Membership and Subscription	2 891 399	2 522 778
	Remuneration to Ward Committees	484 246	233 202
	Resettlement Cost	-	64 547
	Road and Transport	228	-
	Road Worthy Test	2 368	-
	Seminars, Conferences, Workshops and Events	634 596	325 944
	Signage	9 071	27 196

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
	Small Differences Tolerances	-	4 356
	System Access and Information Fees	344 084	-
	Transport Provided as Part of Departmental Activities	70 800	-
	Travel and Subsistence	2 718 735	2 297 615
	Uniform and Protective Clothing	1 012 585	703 529
	Vehicle Tracking	483 643	111 472
	Total Operational Cost	32 629 013	29 640 086
33	TRANSFERS AND SUBSIDIES		
	Social Relief	437 652	464 442
	Grand in Aid	94 545	46 903
	Poverty Relief	171 957	9 211
	Matric Support	25 000	-
	Sport Councils	200 000	-
	Total Transfers and Subsidies	929 155	520 555
	<i>The Mayor makes donations available on own discretion.</i>		
34	RECONCILIATION BETWEEN NET SURPLUS / (DEFICIT) FOR THE YEAR AND CASH GENERATED / (ABSORBED) BY OPERATIONS		
34.1	CASH GENERATED/(ABSORBED) BY OPERATIONS		
	Surplus / (Deficit) for the year	(39 894 288)	4 211 646
	Adjustments for:		
	Depreciation on Property, Plant and Equipment	103 576 401	78 539 784
	Depreciation on Landfill Sites	-	-
	Amortisation of Intangible Assets	304 960	304 634
	Reversal of Impairment Loss / (Impairment Loss) on Assets	208 576	224 794
	Gains / (Loss) on Sale of Fixed Assets	6 790 523	(1 758 307)
	Actuarial Gain	(22 680 636)	(4 010 960)
	Profit / (Loss) on Fair Value Adjustments	(22 318 967)	(22 528 554)
	Reversal of Impairment Loss / (Impairment Loss) on Receivables	18 188 118	13 692 572
	Inventories: (Write-Down) / Reversal of Write-Down to Net Realisable Value	9 347	347 025
	Contribution leave provision	5 629 809	1 795 110
	Contribution leave provision - expenditure incurred	(701 143)	(1 182 717)
	Contribution from/to Post Retirement Medical Benefits	21 784 500	12 787 588
	Contribution from/to Long-Service Awards	2 543 360	2 362 231
	Contribution from/to Post Retirement Medical Benefits - expenditure incurred	(2 780 755)	(2 318 214)
	Contribution from/to Long-Service Awards - expenditure incurred	(1 580 135)	(746 030)
	Contribution from/to Performance Bonus	1 066 858	983 525
	Contribution from/to Performance Bonus - expenditure incurred	(1 164 169)	(1 040 911)
	Operating Surplus/(Deficit) before changes in working capital	68 982 359	81 663 216
	Changes in working capital	17 738 551	(1 112 877)
	Increase in Trade and Other Payables from Exchange Transactions	24 704 532	(22 834 037)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	11 863 608	7 427 162
	Increase/(Decrease) in Taxes	(5 085 596)	1 730 353
	Increase/(Decrease) in Finance Leases	-	(48 405)
	(Increase)/Decrease in Inventory	3 962 041	2 137 090
	(Increase)/Decrease in Operating Lease Asset	(41 502)	(58 169)
	(Increase)/Decrease in Trade Receivables from Exchange and Non-Exchange Transactions	(17 664 532)	6 474 749
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	-	4 058 380
	Cash generated/(absorbed) by operations	86 720 910	80 550 339
34.2	CASH & CASH EQUIVALENTS		
	Cash & Cash Equivalents	76 582 442	43 754 318
	Total Cash & Cash Equivalents	76 582 442	43 754 318

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
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35

RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has started with a process during the year to align items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. The reclassification of 2017 audited amounts can be summarised as follows:

	Balance Previously Reported R	Adjustments R	Restated Balance R
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Non-Current Assets	2 405 769 613	-	2 405 769 613
Property, plant and equipment	1 804 316 368	-	1 804 316 368
Intangible assets	3 745 809	-	3 745 809
Investment property	593 197 961	-	593 197 961
Heritage assets	4 509 475	-	4 509 475
Current Assets	126 648 883	-	126 648 883
Inventory	9 647 686	-	9 647 686
Trade receivables from exchange transactions	59 692 657	1 233 555	60 926 212
Trade receivables from non-exchange transactions	11 927 652	287 935	12 215 587
Other receivables	1 521 490	(1 521 490)	-
Cash and cash equivalents	43 754 318	-	43 754 318
Current portion of receivables	12 563	(12 563)	-
Current portion of non-current Receivables	-	12 563	12 563
Operating Lease Asset	92 517	-	92 517
TOTAL ASSETS	2 532 418 496	-	2 532 418 496
NET ASSETS AND LIABILITIES			
Non-Current Liabilities	366 198 530	-	366 198 530
Non-Current Borrowings	104 020 707	-	104 020 707
Employee benefits	104 252 743	(104 252 743)	-
Non-Current Employee Benefits	-	104 252 743	104 252 743
Non-Current Provisions	157 925 079	-	157 925 079
Current Liabilities	181 996 516	-	181 996 516
Current portion of borrowings	8 715 878	(8 715 878)	-
Current Portion of Non-Current Borrowings	-	8 715 878	8 715 878
Consumer deposits	10 867 850	-	10 867 850
Current employee benefits	3 626 012	-	3 626 012
Provisions	50 371 844	-	50 371 844
Trade and other payables	85 691 141	(85 691 141)	-
Trade and Other Payables from Exchange Transactions	-	85 691 141	85 691 141
Unspent conditional grants and receipts	19 143 580	-	19 143 580
VAT payable	3 580 211	(3 580 211)	-
Taxes	-	3 580 211	3 580 211
Net Assets	1 984 223 451	-	1 984 223 451
Accumulated surplus / (deficit)	1 984 223 451	-	1 984 223 451
TOTAL NET ASSETS AND LIABILITIES	2 532 418 496	-	2 532 418 496

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R	
STATEMENT OF FINANCIAL PERFORMANCE				
REVENUE				
Revenue from Non-Exchange Transactions		212 746 400	(22 070 301)	190 676 099
Property rates		75 405 729	-	75 405 729
Government Grants and Subsidies			106 794 554	106 794 554
Government grants and subsidies - Operating		70 983 655	(70 983 655)	-
Government grants and subsidies - Capital		35 364 310	(35 364 310)	-
Actuarial Gain		4 010 960	-	4 010 960
Fines		4 459 029	(4 459 029)	-
Fines, Penalties and Forfeits		-	4 464 856	4 464 856
Fair Value Adjustment on Investment Property		22 522 717	(22 522 717)	-
Revenue from Exchange Transactions		366 381 660	(1 181 446)	365 200 214
Service Charges		337 358 824	-	337 358 824
Rental of facilities and equipment		8 340 631	(8 340 631)	-
Rental of Fixed Assets		-	8 171 090	8 171 090
Interest earned - external investments		2 843 965	-	2 843 965
Interest earned - outstanding receivables		2 984 790	-	2 984 790
Licences and permits		1 571 017	-	1 571 017
Income for Agency Service		4 208 176	(4 208 176)	-
Agency Service		-	4 208 176	4 208 176
Income for housing agency service		650 000	(650 000)	-
Other income		7 695 227	(7 695 227)	-
Operational Revenue		-	1 397 877	1 397 877
Sale of Goods and Rendering of Services		-	6 664 476	6 664 476
Gain on Disposal of Property, Plant and Equipment		729 030	(729 030)	-
TOTAL REVENUE		579 128 060	(23 251 747)	555 876 313
EXPENDITURE		590 941 506	(18 980 620)	571 960 886
Employee related costs		221 901 921	16 325 810	238 227 731
Remuneration of councillors		8 513 674	-	8 513 674
Contributions to provisions - Bad debts		18 408 800	(18 408 800)	-
Bad Debts Written Off		-	-	-
Contributions to provisions - Other		15 149 819	(15 149 819)	-
Depreciation and amortisation expense		93 536 682	-	93 536 682
Impairment Losses		224 794	(224 794)	-
Finance Costs		11 838 334	-	11 838 334
Bulk purchases		159 260 360	-	159 260 360
Inventory Consumed		-	17 406 679	17 406 679
Contracted services		15 251 772	(2 234 986)	13 016 786
Grants and subsidies paid		464 442	(464 442)	-
Transfers and Subsidies		-	520 555	520 555
General expenses		46 390 908	(46 390 908)	-
Operational Costs		-	29 640 086	29 640 086
OPERATING SURPLUS / (DEFICIT) FOR THE YEAR / PERIOD		(11 813 446)	(4 271 127)	(16 084 573)
Gains / (Loss) on Inventory		-	(347 025)	(347 025)
Reversal of Impairment Loss / (Impairment Loss) on Receivables		-	(18 408 800)	(18 408 800)
Gains / (Loss) on Sale of Fixed Assets		-	729 030	729 030
Reversal of Impairment Loss / (Impairment Loss) on Assets		-	(224 794)	(224 794)
Profit / (Loss) on Fair Value Adjustments		-	22 522 717	22 522 717
Profit / (Loss) from Discontinued Operations		-	-	-
Water Losses		-	-	-
NET SURPLUS / (DEFICIT) FOR THE YEAR / PERIOD		(11 813 446)	-	(11 813 446)

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R	
36	CORRECTION OF ERROR			
		Restated mSCOA Balance (Before Correction of Error) R	Correction of Error R	Restated Balance Recognised R
	STATEMENT OF FINANCIAL POSITION			
	ASSETS			
	Non-Current Assets	2 405 769 613	9 432 683	2 415 202 296
	Property, plant and equipment	1 804 316 368	9 295 483	1 813 611 851
	Intangible assets	3 745 809	-	3 745 809
	Investment property	593 197 961	137 200	593 335 161
	Heritage assets	4 509 475	-	4 509 475
	Current Assets	126 648 883	1 029 278	127 678 161
	Inventory	9 647 686	-	9 647 686
	Trade receivables from exchange transactions	60 926 212	1 029 278	61 955 489
	Trade receivables from non-exchange transactions	12 215 587	-	12 215 587
	Cash and cash equivalents	43 754 318	-	43 754 318
	Current portion of non-current Receivables	12 563	-	12 563
	Operating Lease Asset	92 517	-	92 517
	TOTAL ASSETS	2 532 418 496	10 461 961	2 542 880 457
	NET ASSETS AND LIABILITIES			
	Non-Current Liabilities	366 198 530	-	366 198 530
	Non-Current Borrowings	104 020 707	-	104 020 707
	Non-Current Employee Benefits	104 252 743	-	104 252 743
	Non-Current Provisions	157 925 079	-	157 925 079
	Current Liabilities	181 996 516	(60 525)	181 935 991
	Current Portion of Non-Current Borrowings	8 715 878	-	8 715 878
	Consumer deposits	10 867 850	-	10 867 850
	Current employee benefits	3 626 012	-	3 626 012
	Provisions	50 371 844	-	50 371 844
	Trade and Other Payables from Exchange Transactions	85 691 141	4 344	85 695 485
	Unspent conditional grants and receipts	19 143 580	(64 869)	19 078 711
	Taxes	3 580 211	-	3 580 211
	Net Assets	1 984 223 451	10 522 486	1 994 745 937
	Accumulated surplus / (deficit)	1 984 223 451	10 522 486	1 994 745 937
	TOTAL NET ASSETS AND LIABILITIES	2 532 418 496	10 461 961	2 542 880 457
	STATEMENT OF FINANCIAL PERFORMANCE			
	REVENUE			
	Revenue from Non-Exchange Transactions	190 676 099	64 869	190 740 967
	Property rates	75 405 729	-	75 405 729
	Government Grants and Subsidies	106 794 554	64 869	106 859 423
	Actuarial Gain	4 010 960	-	4 010 960
	Fines, Penalties and Forfeits	4 464 856	-	4 464 856

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
	Revenue from Exchange Transactions	365 200 214	-
	Service Charges	337 358 824	337 358 824
	Rental of Fixed Assets	8 171 090	8 171 090
	Interest earned - external investments	2 843 965	2 843 965
	Interest earned - outstanding receivables	2 984 790	2 984 790
	Licences and permits	1 571 017	1 571 017
	Agency Service	4 208 176	4 208 176
	Operational Revenue	1 397 877	1 397 877
	Sale of Goods and Rendering of Services	6 664 476	6 664 476
	TOTAL REVENUE	555 876 313	64 869
	EXPENDITURE	571 960 886	(10 208 881)
	Employee related costs	238 227 731	238 227 731
	Remuneration of councillors	8 513 674	8 513 674
	Bad Debts Written Off	-	4 716 229
	Depreciation and amortisation expense	93 536 682	(14 692 264)
	Finance Costs	11 838 334	11 838 334
	Bulk purchases	159 260 360	159 260 360
	Inventory Consumed	17 406 679	(237 190)
	Contracted services	13 016 786	4 344
	Transfers and Subsidies	520 555	520 555
	Operational Costs	29 640 086	29 640 086
	OPERATING SURPLUS / (DEFICIT) FOR THE YEAR / PERIOD	(16 084 573)	10 273 750
	Gains / (Loss) on Inventory	(347 025)	(347 025)
	Reversal of Impairment Loss / (Impairment Loss) on Receivables	(18 408 800)	4 716 229
	Gains / (Loss) on Sale of Assets	729 030	1 029 278
	Reversal of Impairment Loss / (Impairment Loss) on Fixed Assets	(224 794)	(224 794)
	Profit / (Loss) on Fair Value Adjustments	22 522 717	5 836
	NET SURPLUS / (DEFICIT) FOR THE YEAR / PERIOD	(11 813 446)	16 025 092
	DETAILS OF CORRECTION OF ERRORS		
36.01	PROPERTY PLANT AND EQUIPMENT		
	Amount previously Stated		1 804 316 368
	Correction of Cost previously overstated by including assets with zero values - 06/08/2016 - refer to note 1.1		(10 002 673)
	Correction of Cost previously understated by not including WIP assets - 06/08/2016 - refer to note 1.1		659 453
	Correction of Cost previously understated and inventory consumed overstated - 30/06/2017 - refer to note 1.1		237 190
	Correction of Accumulated Depreciation previously overstated by including assets with zero values - 06/08/2016 - refer to note 1.1		10 002 673
	Correction of Accumulated Depreciation on infrastructure and other assets incorrectly calculated - 06/08/2016 - refer to note 1.1		(6 293 423)
	Correction of Accumulated Depreciation on infrastructure and other assets incorrectly calculated - 30/06/2017 - refer to note 1.1		14 692 264
	Restated Balance		1 813 611 851
36.02	INVESTMENT PROPERTY		
	Amount previously Stated		593 197 961
	Correction of erven not previously recognised - 06/08/2016 - refer to note 1.3		131 364
	Correction of Fair Value Adjustment previously understated - 30/06/2017 - refer to note 1.3		5 836
	Restated Balance		593 335 161
36.03	TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS		

DAWID KRUIPER MUNICIPALITY
Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
	Amount previously Stated		60 926 212
	Recognition of debtor from exchange transactions not previously recognised for a disposal of erven - 30/06/2017 - refer to note 4		1 029 278
	Restated Balance		61 955 489
36.04	TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	Amount previously Stated		12 215 587
	Correction of Debtor: Traffic Fines previously disclosed as the nett amount instead of the debtor before impairment - 30/06/2017 - refer to note 4		3 957 063
	Correction of Provision for bad debts on Traffic Fines previously not disclosed, but written off against debtor - 30/06/2017 - refer to note 4		(3 957 063)
	Correction of Debtor: Traffic Fines previously disclosed as the nett amount instead of the debtor before impairment 06/08/2016 - refer to note 4		516 964
	Correction of Provision for bad debts on Traffic Fines previously not disclosed, but written off against debtor - 06/08/2016 - refer to note 4		(516 964)
	Restated Balance		12 215 587
36.05	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
	Amount previously Stated		85 691 141
	Correction of Creditor (D September) not previously recognised - 30/06/2017 - refer to note 13		4 344
	Restated Balance		85 695 485
36.06	UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
	Amount previously Stated		19 143 580
	Grant expenditure was not previously recognised against the MDTG grant - refer to note 14.1		(64 869)
	Restated Balance		19 078 711
36.07	ACCUMULATED SURPLUS / (DEFICIT)		
	Amount previously Stated		1 984 223 451
	Grant expenditure was not previously recognised as government grants and subsidies - refer to note 36.06		64 869
	Correction of Bad debts written off previously recorded against provision for bad debt in the statement of financial position instead of in the statement of financial performance against bad debts written off - refer to note 4		8 673 292
	Correction of Impairment loss on receivables previously overstated due to bad debts written off included in the provision for bad debts 4		(8 673 292)
	Correction of Traffic Fines written off against provision for bad debt - refer to note 4		(3 957 063)
	Increase of provision for bad debts due to traffic fines being impaired - refer to note 4		3 957 063
	Correction of Sundry Creditor (D September) not previously recognised - 30/06/2017 - refer to note 36.05		(4 344)
	Correction of erven not previously recognised - 06/08/2016 - refer to note 36.02		131 364
	Correction of Fair Value Adjustment previously understated - 30/06/2017 - refer to note 36.02		5 836
	Recognition of debtor from exchange transactions not previously recognised for a disposal of erven - 30/06/2017 - refer to note 36.03		1 029 278
	Correction of Cost previously understated by not including WIP assets - 06/08/2016 - refer to note 36.01		659 453
	Correction of Cost previously understated and inventory consumed overstated - 30/06/2017 - refer to note 36.01		237 190
	Correction of Accumulated Depreciation on water infrastructure incorrectly calculated - 06/08/2016 - refer to note 36.01		(6 293 423)

DAWID KRUIPER MUNICIPALITY
Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
	Correction of Accumulated Depreciation on other assets incorrectly calculated - 30/06/2017 - refer to note 36.01		14 692 264
	Restated Balance		1 994 745 937
36.08	STATEMENT OF FINANCIAL PERFORMANCE		
	Amount previously Stated		(11 813 446)
	Grant expenditure was not previously recognised against the MDTG grant - refer to note 18.14		64 869
	Correction of Bad debts written off previously recorded against provision for bad debt in the statement of financial position instead of in the statement of financial performance against bad debts written off - refer to note 36.07		8 673 292
	Correction of Impairment loss on receivables previously overstated due to bad debts written off included in the provision for bad debts 36.07		(8 673 292)
	Correction of Traffic Fines written off against provision for bad debt - refer to note 36.07		(3 957 063)
	Increase of provision for bad debts due to traffic fines being impaired - refer to note 36.07		3 957 063
	Correction of Sundry Creditor (D September) not previously recognised - 30/06/2017 - refer to note 36.07		(4 344)
	Correction of Fair Value Adjustment previously understated - 30/06/2017 - refer to note 36.07		5 836
	Recognition of debtor from exchange transactions not previously recognised for a disposal of even - 30/06/2017 - refer to note 36.07		1 029 278
	Correction of Cost previously understated and inventory consumed overstated - 30/06/2017 - refer to note 36.07		237 190
	Correction of Accumulated Depreciation on other assets incorrectly calculated - 30/06/2017 - refer to note 36.07		14 692 264
	Restated Balance		4 211 646
36.09	GOVERNMENT GRANTS AND SUBSIDIES		
	Amount previously Stated		106 794 554
	Grant expenditure was not previously recognised against the MDTG grant - refer to note 18		64 869
	Restated Balance		106 859 423
36.10	BAD DEBTS WRITTEN OFF		
	Amount previously Stated		-
	Correction of Bad debts written off previously recorded against provision for bad debt in statement of financial position instead of in the statement of financial performance against bad debts written off - refer to note 36.08		8 673 292
	Correction of Traffic Fines written off against provision for bad debt - refer to note 36.08		(3 957 063)
	Restated Balance		4 716 229
36.11	CONTRACTED SERVICES		
	Amount previously Stated		13 016 786
	Correction of Creditor (D September) not previously recognised - 30/06/2017 - refer to note		4 344
	Restated Balance		13 021 130
36.12	DEPRECIATION AND AMORITISATION		
	Amount previously Stated		93 536 682
	Correction of Accumulated Depreciation on other assets incorrectly calculated - 30/06/2017 - refer to note 27		(14 692 264)
	Restated Balance		78 844 418

DAWID KRUIPER MUNICIPALITY
Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
36.13	INVENTORY CONSUMED		
	Amount previously Stated		17 406 679
	Correction of Cost previously understated and inventory consumed overstated - 30/06/2017 - refer to note 30		(237 190)
	Restated Balance		17 169 490
36.14	GAINS / (LOSS) ON SALE OF ASSETS		
	Amount previously Stated		729 030
	Recognition of debtor from exchange transactions not previously recognised for a disposal of erven - 30/06/2017 - refer to note 36.08		1 029 278
	Restated Balance		1 758 307
36.15	PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENTS		
	Amount previously Stated		22 522 717
	Grant expenditure was not previously recognised against the MDTG grant - refer to note		5 836
	Restated Balance		22 528 554
36.16	REVERSAL OF IMPAIRMENT LOSS / (IMPAIRMENT LOSS) ON RECEIVABLES		
	Amount previously Stated		(18 408 800)
	Correction of Impairment loss on receivables previously overstated due to bad debts written off included in the provision for bad debts 36.08		8 673 292
	Increase of provision for bad debts due to traffic fines being impaired - refer to note 36.08		(3 957 063)
	Restated Balance		(13 692 572)
37	RETIREMENT BENEFIT INFORMATION		
	Several councillors and employees belong to retirement and pension funds approved by the South African Local Government Bargaining Council. These funds are subject to regular actuarial valuation. These funds are run by their own Board of Directors and each fund have their own rules, compliant to legislation, that they must adhere to.		
38	ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
38.01	Contributions to Organised Local Government		
	Opening Balance	2 490 530	2 415 578
	Council Subscriptions	2 724 030	3 723 102
	Amount Paid - Current Year	(2 490 530)	(3 648 150)
	Balance Unpaid (Included in Creditors)	2 724 030	2 490 530
38.02	Audit Fees		
	Opening Balance	3 923 726	5 637 059
	Current Year Audit Fees	5 582 908	7 728 921
	Discount Received due to interest been written off	(1 595 366)	
	Amount Paid - Current Year	(7 911 269)	(9 442 254)
	Balance Unpaid (Included in Creditors)	-	3 923 726
38.03	VAT		
	VAT input receivables and VAT output receivables are shown in note 15. All VAT returns have been submitted by the due date throughout the year.		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
38.04	PAYE		
	Opening Balance	-	-
	Current Year Payroll Deductions	32 457 830	25 711 468
	Amount Paid - Current Year	(29 692 923)	(25 711 468)
	Balance Unpaid (Included in Creditors)	2 764 908	-
38.05	Pension and Medical Aid Deductions		
	Opening Balance	7 859	15 785
	Current Year Payroll Deductions and Council Contributions	76 341 924	60 637 524
	Amount Paid - Current Year	(70 163 937)	(60 645 450)
	Balance Unpaid (Included in Creditors)	6 185 846	7 859
38.06	UIF Payments		
	Opening Balance	-	-
	Current Year Payroll Deductions and Council Contributions	3 061 311	2 586 463
	Amount Paid - Current Year	(2 809 118)	(2 586 463)
	Balance Unpaid (Included in Creditors)	252 193	-
38.07	Councillor's Consumer Accounts in arrear older than 90 days		
	Councillor J Mei	-	2 406

38.08	Irregular Expenditure		2018	6 August 2016 - 30 June 2017 2017
	Reconciliation of irregular expenditure:			
	Opening balance		1 717 003	72 642 463
	Transferred from //Khara Hais Local Municipality			15 411 054
	Transferred from Mier Local Municipality			57 231 409
	Irregular expenditure current year		7 717 268	11 749 741
	Written Off by Council		(5 849 171)	(82 675 201)
	Irregular expenditure awaiting further action		3 585 100	1 717 003
Incident		Disciplinary steps/criminal proceedings		
(Mier) Tender Committee not fully constituted		None		
Non-Compliance of Regulation 28(1)(a)(i) of the SCM Regulations		None		
Non-Compliance with PPR 82 for minimum threshold on local content not disclosed as part of specifications		None		
Supplier in service of the State		None		
		None		
		3 585 100		
		1 717 003		
Deviations Approved:		Reasons		Amount
A.L. ABBOTT & ASSOCIATES (PTY) LTD		LOCAL ACCREDITED LABORITORY FOR MONTHLY SAMPLES		251 372
AAD DRIVETRAIN SYSTEMS (PTY) LTD		PARTS AVAILABLE FROM AGENT		50 123
ABB SOUTH AFRICA (PTY) LTD		REPAIRS ON BREAKERS		93 303
ABSOLUTELY PERFECT WATER		SERVICE OF CHLORINE DOSING UNIT & GAS VACUUM REGULATOR		141 995
ADVANCED COMPUTER SOLUTIONS (PTY) LTD				
T/A CADDIE		SOLE SUPPLIER OF CADDIE TRAINING & SUPPORT		91 500
AFRICAN DIRECTORY SERVICES		RSA GOVERNMENT DIRETORY-SOLE SERVICE PROVIDER		40 983
AGRICO (PTY) LTD		STRIP AND QUOTE		172 762
ALTECH NETSTAR (PTY) LTD		VEHICLE TRACKING SYSTEM		135 812
ALTRON TMT		SERVICE LEVEL AGREEMENT		271 044
AQUA AGRI SOLUTIONS		WATER PURIFICATION		766 627
ARMCO SUPERLITE		REPLACING GUARD RAILS FOR STREETS AND STORMWATER		27 612
BARLOWORLD EQUIPMENT SOUTH AFRICA		STRIP EN QUOTE		109 409
BEARING INTERNATIONAL		EMERGENCY - TO PREVENT SEWERAGE SPILAGE IN THE RIV		59 479
BECKER BERGH & MORE		LEGAL WORK		731 003

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
	BELURANA RVER MANOR	ACCOMMODATION ON SHORT NOTICE FOR ARTIST	25 200
	BLV SWEISWERKE (EDMS) BPK	STRIP & QUOTE- IMPORTANT SERVICE DELEIVERY VEHICLE	125 762
	BOEGOEBOERG WATERGEBRUIKERSVERENING	WATER SUPPLIER	173 350
	BOLENG FIRE SERVICES (PTY) LTD	SOLE SUPPLIER OF FIRE EXTINGUISHING EQUIPMENT	68 592
	CARPE DIEM	WATER SUPPLIER	335 289
	CHARTERED INSTITUTE OF GOVERNMENT		
	FINANCE AUDIT	CIGFARO - CONFERENCE	57 479
	COCHRANE STEEL PRODUCTS	CLEAR-VU FENCING SOLE SERVICE PROVIDER	504 868
	COMMERCE EDGE SOUTH AFRICA	SMART PROCUREMENT CONFERENCE	63 392
	C-PAC PUMPS & VALVES	STRIP & QUOTE	2 195 016
	CTE WATER TECH	STRIP & QUOTE	50 298
	D & E STEEL (PTY) LTD	ONLY RESPONDENT - MESH REF 888X6M 2.4M	19 133
	D HYDRAULIC CENTRE	STRIP & QUOTE	96 004
	DDP VALUERS (PTY) LTD	TENDER TN022/2017 CANCELLED-COULD NOT RE-ADVERTISE	344 051
	DDW STRAUSS	RENTING TOWER SPACE	15 590
	DESMOND EQUIPMENT SA	ONLY AGENT OF DEZZI PARTS	10 605
	DIETRICH VOIGT MIA INC	WATER SAMPLING	272 741
	DK GENERAL TRADERS (PTY)LTD	REFUSE REMOVAL IN WELKOM	49 000
	DUCHARME CONSULTING (PTY) LTD	ANNUAL FINANCIAL STATEMENTS FOR MIER	29 640
	EE HARRIS TRUCK AND BUS	AGENT OF VEHICLE / STRIP & QUOTE	55 207
	EKHAMANGA TRADING (PTY) LTD	SEWERAGE REMOVAL IN MIER	16 400
	ELEKTRO VROOMEN	LOWEST OF ONLY QUOTES RECEIVED	44 157
	ELLIES ELECTRONICS (PTY) LTD	ONLY AVAILABE FROM SUPPLIER	11 400
	ELSTER KENT METERING (PTY) LTD	SERVICE PROVIDER OF CASHFLOW PROGRAM	538 416
	ENDRESS & HAUSER (PTY) LTD	SINGLE SERVICE PROVIDER	46 431
	ENVIRONMENTAL AND SUSTAINABILITY SOLUTION	GRAP 19: CALCULATION OF REHABILITATION PROVISION OF VARIOUS LANDFILL SITES.	298 354
	EUROPCAR SOUTH AFRICA	ONLY SUPPLIER TO PROVIDE VEHICLE WITHOUT DEPOSIT	28 664
	FACHS BUSINESS CONSULTING AND TRAINING	MUNICIPAL FINANCE MANAGEMENT PROGRAMME	185 419
	FIT - IT	TYRES FOR SERVICE DELIVERY VEHICLE	47 196
	FJ BOK GENERAL TRADERS (PTY) LTD	REFUSE REMOVAL IN ASHKAM	107 000
	FP SMIT	STRIP & QUOTE	221 646
	G KUHN	RENTING TOWER SPACE	21 391
	GB HERSTELDIENSTE	LOWEST OF ONLY QUOTES RECEIVED	134 555
	GERT VAN WYK	LOWEST OF ONLY QUOTES RECEIVED	38 776
	GIJIMA AST GROUP LTD	MAINTENANCE CONTRACT	38 406
	GM JANUARIE	PROFESSIONAL FEES - COMPENSATION COMMISSION	270 587
	GORDONIA MOTORS	PARTS AVAILABLE FROM AGENT	263 525
	GUARDIAN LEGAL AND COMPLIANCY SERVICES	PROFESSIONAL FEES - RETAINER FEE	305 279
	GW WASTE REMOVAL	REFUSE REMOVAL IN GROOT EN KLEIN MIER	20 000
	GWK BPK	PARTS AVAILABLE FROM AGENT	37 002
	GENERAL SERVE ELECTRONICS BK	LEASE REPEATER SILO	52 325
	HALSTED & CO (PTY) LTD	LOWEST OF ONLY QUOTES RECEIVED	49 284
	HUBNER TRUCK & BUS CC	STRIP & QUOTE	21 126
	IBM SOUTH AFRICA (PTY) LTD	IBM MAINTENANCE ONLY AT IBM-MAINTENANCE CONTRACT	41 152
	IMSIMBI TRAINING	HR MANAGEMENT PROGRAMME	40 572
	INTER TEKENS (EDMS) BPK	LOWEST SUPPLIER DOES NOT HAVE STOCK AVAILABLE	14 721
	IVM CHEMICALS	LOWEST OF ONLY QUOTES RECEIVED	19 594
	J & J VERKOELINGS	STRIP & QUOTE	26 863
	JUNO CORP	EMERGENCY - SEWER SPILLING INTO CANAL	29 900
	KALAHARI-OOS WATERGEBRUIKVERENIGING	WATER SUPPLIER	475 796
	KLK LANDBOU BEPERK	SOLE FUEL SUPPLIER IN RIETFONTEIN	30 000
	L & V ATTORNEYS	LEGAL WORK	17 152
	LANGE, CARR & WESSELS INGELYF	LEGAL WORK	12 681
	LEXISNEXIS PTY LTD	RENEWAL OF LICENCE FEE	28 390
	LIEBHERR-AFRICA (PTY) LTD	PARTS AVAILABLE FROM AGENT	54 510
	LULAMA LOBI INC	LEGAL WORK	215 072
	MALAN & VENNOTE	LEGAL WORK	1 519 050
	MAT TYRE (PTY) LTD Total	TYRES FOR SERVICE DELIVERY VEHICLE	66 800
	MATTHEWS AND PARTNERS	LEGAL WORK	386 952
	MEDIA24 BEPERK	PLACEMENT OF ADVERTISEMENT ON NATIONAL NEWS PAPER	21 546
	MG TRANSPARENCY PTY LTD	LOWEST OF ONLY QUOTES RECEIVED	15 692
	MH OFFICE AND STATIONERY CC	LOWEST OF ONLY QUOTES RECEIVED	24 715
	MOTOLEK & BATTERY CENTRE	STRIP & QUOTE	71 813
	MR SJ COETZEE	SOLE SUPPLIER-ORIGINAL DESIGNERS OF HIGH PADLOCKS	42 300
	MULTICHOICE	SOLE PROVIDER FOR DSTV	151 755
	NB MECHANICAL SALES	LOWEST OF ONLY QUOTES RECEIVED	19 583
	NEW EVOLUTION MASTERS	STRIP & QUOTE	226 035

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
	NOORDWES KOERANTE EDMS BPK	LOWEST OF ONLY QUOTES RECEIVED	10 089
	NORTH WESTERN MOTORS (PTY) LTD	PARTS AVAILABLE FROM AGENT	65 529
	NORTHERN CAPE NOREX ELECTRIC MOTOR AND PUMPS	STRIP & QUOTE	26 801
	OMEGA FIRE AND SECURITY PTY LTD	BIO METRIC SYSTEM	38 391
	ONTEC SYSTEMS(PTY) LTD	SINGLE SERVICE PROVIDER - PRE PAID ELECTRICITY	1 150 676
	ORANJE MEGANIES EDMS BPK	STRIP & QUOTE	325 797
	OVERROX TRADING 55 CC	EXCAVATOR HIRE	47 880
	PITNEY BOWES SA (PTY) LTD	REMOTE METER-SETTING MACHINE LICENCE	76 800
	PM VENTER	LEGAL WORK	93 967
	POORT BETON (EDMS) BPK	LOWEST OF ONLY QUOTES RECEIVED	66 403
	PRIMA MAXIPREST T/A SUPA QUICK	TYRES FOR SERVICE DELIVERY VEHICLE	51 390
	QUILL ASSOCIATES	SINGLE SERVICE PROVIDER OF FINANCIAL SYTEM (BIQ)	2 098 779
	RADIO RIVERSIDE	LOCAL RADIO STATION	16 245
	RAYMOND YOUNG'S ENGINEERING BK	STRIP & QUOTE	13 925
	REPREA CC	WATER TRANSPORTER / SERVICE FEE	251 133
	SILICA QUARTZ PTY LTD	PURCHASE OF SILICA FILTER SAND	102 982
	SOUTH AFRICAN BROADCASTING CORPORATION	TV LICENSE	17 490
	SOUTH AFRICAN POST OFFICE LTD	FRANKING ENVELOPES	1 138 560
	SPECTRUM COMMUNICATIONS (PTY) LTD	SPECTRUM TELEMETRY SYSTEM - SPECTRUM PARTS	194 257
	STATIC POWER	TO AVOID ELECTRICAL SUBSTATION RUNNING WITHOUT PRO	146 466
	STEVEN SAMUELS MANAGEMENT CONSULTANT	EMPLOYMENT EQUITY TRAINING	23 940
	TAHER CLEANING	LOWEST OF ONLY QUOTES RECEIVED	16 142
	THE INSTITUTE OF INTERNAL AUDITORS SOUTH AFRICA	INSTITUTE OF INTERNAL AUDITORS SOUTH AFRICA	
	TOTAL CLIENT SERVICES LIMITED	REGISTRATION FEE	13 110
	TOTAL GEO-SPATIAL INFORMATION SOLUTIONS	TCS SYSTEM USED FOR TRAFFIC FINES	88 863
	TRANS ORANJE DRUKKERS EIENDOMME BPK	SINGLE SERVICE PROVIDER - IMIS SYSTEM	1 615 713
	TRUVELO MANUFACTURERS (PTY) LTD	LOWEST OF ONLY QUOTES RECEIVED	78 875
	UNIVERSITY OF SOUTH AFRICA	SINGLE PROVIDER FOR CALIBRATING SPEED APPARATUS	26 653
	UPINGTON ALTERNATORS & REWINDS CC	ARCHIVES & RECORDS MANAGEMENT TRAINING	26 100
	UPINGTON INDUSTRIEL	STRIP & QUOTE	201 841
	UPINGTON MOTOR ONDERDELE	LOWEST OF ONLY QUOTES RECEIVED	15 525
	UPINGTON RATKASSENTRUM BK Total	STRIP & QUOTE	1 116 385
	UPINGTON TOYOTA (EDMS)BPK	STRIP & QUOTE	380 578
	UPINGTON TREKKERS & IMLEMENTE (EDMS) BPK	PARTS AVAILABLE FROM AGENT	106 120
	UPINGTON WEBATELJEE	STRIP & QUOTE	27 529
	VAN ELLEWEE FAMILIE TRUST	LOWEST OF ONLY QUOTES RECEIVED	55 682
	VECTO TRADE 59 (PTY) LTD	RENTING TOWER SPACE	14 688
	VISPA MEUBELS	BANDWITH FOR PRE-PAID ELECTRICITY VENDORS	12 209
	VOLTEX (PTY) LTD	LOWEST OF ONLY QUOTES RECEIVED	25 390
	WALKER INDUSTRIA	STRIP & QUOTE	14 065
	WALKER MIDAS	STRIP & QUOTE	253 469
	WERNER SOUTH AFRICA PUMPS & EQUIPMENT (PTY) LTD	PARTS AVAILABLE FROM AGENT	75 190
	WESNO VERWE BK.	PARTS AVAILABLE FROM AGENT	35 625
	WESSELS EN SMITH INGELYF	LOWEST OF ONLY QUOTES RECEIVED	156 415
	WINDEED SYSTEMS (PTY) LTD	LEGAL WORK	45 565
	WOLTERS KLUWER TAX AND ACCOUNTING SA PTY LTD	SOLE SERVICE PROVIDER - TITLE DEED SEARCHES	15 999
	WOODROW ENGINEERING SALES (KIMBELEY)	OWNER AND SINGLE SERVICE PROVIDER OF THE TEAMMATE	32 445
	WORKSHOP ELECTRONICS CC	AGENT OF THE PLC SYSTEM	25 647
	ZELCO MOTORS (EDMS) PTY	STRIP & QUOTE	44 699
	ZF MCGAWU DISTRIBUTORS & GENERAL SUPPLIERS	PARTS AVAILABLE FROM AGENT	241 037
		LOWEST OF ONLY QUOTES RECEIVED	16 161
			24 519 440

38.09 Fruitless and Wasteful Expenditure

Definition as per Municipal Finance Management Act:

"fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

The following fruitless and wasteful expenditure have been incurred by the municipality for the year under review:

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
			6 August 2016 - 30 June 2017
	Reconciliation of fruitless and wasteful expenditure:	2018	2017
	Opening balance	204 052	6 227 780
	Transferred from //Khara Hais Local Municipality		4 301 039
	Transferred from Mier Local Municipality		1 926 741
	Fruitless and wasteful expenditure current year	2 117	204 052
	Written Off by Council	(204 052)	(6 227 780)
	Fruitless and wasteful expenditure awaiting further action	<u>2 117</u>	<u>204 052</u>
	Incident	Disciplinary steps/criminal proceedings	
	Interest on ABSA Bank Accounts	None	10 476
	Interest on late payment of creditors	2 117	193 576
		<u>2 117</u>	<u>204 052</u>
38.10	Unauthorised		6 August 2016 - 30 June 2017 2017
	Reconciliation of unauthorised expenditure:	2018	
	Opening Balance	105 621 658	106 785 301
	Transferred from //Khara Hais Local Municipality		70 732 602
	Transferred from Mier Local Municipality		36 052 699
	Unauthorised expenditure current year	50 868 211	105 621 658
	Written Off by Council	(105 621 658)	(106 785 301)
	Unauthorised expenditure awaiting authorisation/Condonement	<u>50 868 211</u>	<u>105 621 658</u>
	Incident	Disciplinary steps/criminal proceedings	
	Over Expenditure of Capital Votes 2016/2017 - due to capitalisation of Landfill Sites and Quarries not budgeted for but accounted for i.t.o iGRAP 2 (non-cash)	None	103 069 671
	Over Expenditure of Operational Votes 2016/2017 (non-cash)	None	2 551 987
	Over Expenditure of Operational Votes 2017/2018	1 876 920	-
	Loss on Inventory (non-cash)	The unauthorised expenditure will be tabled to the Section 32 Committee for investigation 9 347	-
	Impairment Loss on Receivables (non-cash)	The unauthorised expenditure will be tabled to the Section 32 Committee for investigation 12 888 118	-
	Loss on Sale of Assets (including non-cash items and excluding gains on sale of assets)	The unauthorised expenditure will be tabled to the Section 32 Committee for investigation 7 140 147	-
	Impairment Loss on Assets (non-cash)	The unauthorised expenditure will be tabled to the Section 32 Committee for investigation 208 576	-
	Over Expenditure on Provision for PEMA & LSA disclosed as part of Employee Related Costs. (non-cash)	The unauthorised expenditure will be tabled to the Section 32 Committee for investigation 5 401 257	-
	Over Expenditure on Depreciation and Amortisation (non-cash)	The unauthorised expenditure will be tabled to the Section 32 Committee for investigation 23 343 846	-
		<u>50 868 211</u>	<u>105 621 658</u>
	The Annual Financial Statements is being compiled on the accrual basis and amounts disclosed as unauthorised expenditure includes cash and non-cash amounts. Only amounts disclosed as part of the cash flow statement has resulted in a cash outflow / inflow.		
38.11	Non-Compliance with the Municipal Finance Management Act, Municipal Systems Act, Supply Chain Management Act and Minimum Competency Levels		
	The following non-compliances with the Municipal Finance Management Act occurred during the year under review:		
	Section 15: Unauthorised, irregular and fruitless and wasteful expenditure other losses were not prevented;		
	Section 62(1)(d): Unauthorised, irregular and fruitless and wasteful expenditure other losses were not prevented;		
	Section 65(2): Creditors not paid within 30 days;		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
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39	RELATED PARTIES																																																		
39.01	<p>Related party relationships exist between the municipality and the following parties: Mayor, Speaker, Councillors, Municipal Manager and Section 57 Managers.</p> <p>Related party transactions for municipal services</p> <p>During the year the municipality rendered services to the following related parties that are related to the municipality as indicated</p> <table> <tr> <th></th><th>Rates</th><th>Services charges & Other levies</th><th>Total 30 June 2018</th></tr> <tr> <td>30 June 2018</td><td></td><td></td><td></td></tr> <tr> <td>Services rendered to related parties:</td><td></td><td></td><td></td></tr> <tr> <td>Councillors</td><td>34 674</td><td>131 497</td><td>166 172</td></tr> <tr> <td>Municipal Manager & Sect 57 appointments</td><td>41 355</td><td>81 063</td><td>122 418</td></tr> <tr> <td></td><td>76 029</td><td>212 560</td><td>288 589</td></tr> </table> <table> <tr> <th></th><th>Rates</th><th>Services charges & Other levies</th><th>Total 30 June 2017</th></tr> <tr> <td>30 June 2017</td><td></td><td></td><td></td></tr> <tr> <td>Services rendered to related parties:</td><td></td><td></td><td></td></tr> <tr> <td>Councillors</td><td>28 929</td><td>111 424</td><td>140 353</td></tr> <tr> <td>Municipal Manager & Sect 57 appointments</td><td>38 526</td><td>94 896</td><td>133 422</td></tr> <tr> <td></td><td>67 454</td><td>206 320</td><td>273 775</td></tr> </table> <p><i>The rates, service and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised. The amounts outstanding are unsecured and will be settled in cash. Consumer deposits were received from Councillors, the Municipal Manager and section 57 personnel.</i></p>		Rates	Services charges & Other levies	Total 30 June 2018	30 June 2018				Services rendered to related parties:				Councillors	34 674	131 497	166 172	Municipal Manager & Sect 57 appointments	41 355	81 063	122 418		76 029	212 560	288 589		Rates	Services charges & Other levies	Total 30 June 2017	30 June 2017				Services rendered to related parties:				Councillors	28 929	111 424	140 353	Municipal Manager & Sect 57 appointments	38 526	94 896	133 422		67 454	206 320	273 775		
	Rates	Services charges & Other levies	Total 30 June 2018																																																
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Municipal Manager & Sect 57 appointments	38 526	94 896	133 422																																																
	67 454	206 320	273 775																																																

	<p>Related party transactions</p> <p>The following business transactions were concluded with businesses where a councillor or employee are a member or a director of the company.</p> <table> <tr> <th>Company's Name</th><th>Councillor / Employee</th><th>2018</th><th>Total 6 August 2016 - 30 June 2017 2017</th></tr> <tr> <td>Help-U-Agency</td><td>S Esau Owner of Help-U-Agencies is the father of EJJ Esau who is the Manager: SCM</td><td>30 000</td><td>30 000</td></tr> <tr> <td>RSI on Point</td><td>R Isaacs owner of RSI on Point is the brother in-law of EJJ Esau who is the Manager: SCM</td><td>85 000</td><td>-</td></tr> <tr> <td></td><td></td><td>115 000</td><td>30 000</td></tr> </table> <p>The compensation of key management personnel is set out in note 28</p>	Company's Name	Councillor / Employee	2018	Total 6 August 2016 - 30 June 2017 2017	Help-U-Agency	S Esau Owner of Help-U-Agencies is the father of EJJ Esau who is the Manager: SCM	30 000	30 000	RSI on Point	R Isaacs owner of RSI on Point is the brother in-law of EJJ Esau who is the Manager: SCM	85 000	-			115 000	30 000		
Company's Name	Councillor / Employee	2018	Total 6 August 2016 - 30 June 2017 2017																
Help-U-Agency	S Esau Owner of Help-U-Agencies is the father of EJJ Esau who is the Manager: SCM	30 000	30 000																
RSI on Point	R Isaacs owner of RSI on Point is the brother in-law of EJJ Esau who is the Manager: SCM	85 000	-																
		115 000	30 000																
39.02	<p>Related Party Loans</p> <p>Loans to senior management employees are no longer permitted since 1 July 2004</p>																		

40	CAPITAL COMMITMENTS		
	Commitments in Respect of Capital Expenditure:		
	Approved and Contracted for -	32 304 831	17 708 051
	Infrastructure	17 971 703	11 379 536
	Community	5 195 764	608 709
	Other	9 137 364	5 719 806
	This expenditure will be financed from:		
	Approved and Contracted for -	32 304 831	17 708 051
	Public Contributions & Donations	-	22 400
	Government Grants	25 529 027	10 226 000
	Own Resources	6 775 804	7 459 651
	Above amounts are excluding of VAT.		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
41	CONTINGENT LIABILITIES	3 012 148	1 340 600
	Luruma One, Lumber City / Aristia 98 CC / Dawid Kruiper Municipality / Keitumetse Judia	-	370 600
	<i>Claim for outstanding payment. The matter was defended. The plaintiff has not applied for a trial date. The case was settled.</i>		
	Dawid Kruiper Municipality / S Magodongo	1 454 792	800 000
	<i>Claim for unlawful dismissal. The outcome of the matter is still uncertain.</i>		
	Dawid Kruiper Municipality / Oranje Watersport CC	-	170 000
	<i>Claim against municipality regarding disposal of erf 15747. The matter is defended. The court found in favour of the Municipality. The applicant has to pay the legal costs of the Municipality. Applicant applied for leave to appeal. Matter has not yet been heard.</i>		
	Dawid Kruiper Municipality / F A Orange	1 440 814	-
	<i>Claim against the Municipality for damages caused during a fire. The matter is being defended. Outcome of the case is still uncertain.</i>		
	Dawid Kruiper Municipality / Prix General Works	11 500	-
	<i>Claim against the Municipality for work done, but not paid. Case is being defended. Awaiting settlement agreement.</i>		
	Dawid Kruiper Municipality / J D Malgas	50 000	-
	<i>Claim against the Municipality for defamation. Matter is being defended. Outcome of the case is still uncertain.</i>		
	Dawid Kruiper Municipality / J C Cloete	13 042	-
	<i>Claim against the Municipality for damages. Matter is being defended. Outcome of the case is still uncertain.</i>		
	Dawid Kruiper Municipality / T S Maine	42 000	-
	<i>Claim against the Municipality for damages. Matter is being defended. Outcome of the case is still uncertain.</i>		
	Landfill Site and Quarries	-	-
	<i>Currently the municipality is not complying with the National Environmental Management: Waste Management Act as the Municipality is operating a landfill site and quarries without licenses as required by Section 68(1) of the National Environmental Management Waste Act, 2008 (Act No. 59 of 2008).</i>		
	<i>In terms of Section 68(1) of the Waste Management Act of the municipality might receive a penalty of R 100 000 for not having a license to operate a landfill site. As per previous guidance it was decided not to disclose an amount as this fines was not allocated to any municipality in the past.</i>		

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
	<p><i>In accordance with Section 68(1) of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008), a person convicted of an offence referred to in Section 67 (1)(a), (g) or (h) is liable to a fine not exceeding R 10 000 000 or to imprisonment for a period not exceeding 10 years, or to both such fine and such imprisonment, in addition to any other penalty or award that may be imposed or made.</i></p>		
42	<p>CONTINGENT ASSET</p> <p>Dawid Kruiper Municipality / Brainstorm Media House</p> <p><i>The matter was finalised. The Judgement was granted against the defendant. The warrant of execution against the property of the defendant was issued. The return thereof was negative as the company has no assets. Subsequent options are still being considerate.</i></p> <p>Cape Town Community Housing Company</p> <p><i>Amount receivable as purchase price before the completion date of transfer of the last housing units to purchasers as per contract signed during July 2011.</i></p> <p>Dawid Kruiper Municipality / Oranje Watersport CC</p> <p><i>Claim against municipality regarding disposal of erf 15747. The matter is defended. The court found in favour of the Municipality. The applicant has to pay the legal costs of the Municipality. Applicant applied for leave to appeal. Matter has not yet been heard.</i></p> <p>Dawid Kruiper Municipality / Show Time Media</p> <p><i>Claim against Show Time Media for outstanding levies and service charges. Company has been liquidated. Awaiting response from liquidators.</i></p>	<p>6 273 605</p> <p>-</p> <p>5 244 000</p> <p>583 605</p> <p>446 000</p>	<p>5 244 000</p> <p>-</p> <p>5 244 000</p> <p>-</p> <p>-</p>
43	<p>COMPARISON WITH THE BUDGET</p> <p>The municipality's actual financial performance compared with the approved budgeted is set out in the budget comparison sheets.</p>		
44	<p>Distribution Losses:</p>		
44.01	<p>Electricity</p> <p>Electricity distribution losses comprises of technical and non-technical losses.</p> <p>Technical losses, as defined in the NRS 080:2004, are losses on the electrical network due to the resistivity of the conductors and the energisation of transformers. Calculation of the municipal network which consists of urban and rural networks, applying the methodology in the NRS 080:2004, results in an estimated technical loss of 9.25%.</p> <p>Non-technical losses are losses due to theft, faulty meters and billing errors and is calculated by subtracting technical losses from the total losses.</p> <p>A total of 203 541 649 (2017: 188 876 237) kWh were purchased and a total of 186 045 785 (2017: 172 884 941) kWh were sold. Therefore a distribution loss of 17 495 864 (2017: 15 991 296) kWh or 8.34% (2017: 8.47%), which is below the norm of 10% set by National Treasury, was incurred by Dawid Kruiper Municipality for the period from 1 July 2017 to 30 June 2018. The value of these losses at cost price amounts to R 14 871 484 (2017: R 13 584 606).</p>		
44.02	<p>Water</p> <p>A total of 16 947 769 (2017: 15 220 501) kl of water were produced and a total of 9 815 058 (2017: 7 338 059) kl of water were sold. Resulting in a water distribution loss of 7 132 711 (2017: 7 882 442) kl. This amount consist of technical losses of 4 590 546 (2017: 4 441 843) kl and non-technical losses of 2 542 165 (2017: 3 440 599) kl. The value of these losses at cost price amounts to R 12 164 947 (2017: R 9 683 218).</p>		

Notes to the Financial Statements for the Year Ended 30 June 2018Page 83

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
	Bad debts written off per debtor class:		
	Non-Exchange Receivables		
	Fines	0.00%	-
	Exchange and Non-Exchange Receivables		
	Rates and Service Charges	100.00%	1 405 359
		100.00%	1 405 359
		100.00%	4 716 229
		100.00%	4 716 229
	The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.		
	Receivables from Exchange Transactions and Receivables from Non-Exchange Transactions are individually evaluated annually at year end for impairment.		
	Financial assets exposed to credit risk at year end are as follows:	2018	6 August 2016 - 30 June 2017 2017 R
	Non-Current Receivables from Exchange Transactions	8 904	-
	Trade Receivables from Exchange Transactions	61 326 811	61 955 489
	Trade Receivables from Non-Exchange Transactions	12 320 680	12 215 587
	Operating Lease Asset	134 020	92 517
	Cash and Cash Equivalents	76 582 442	43 754 318
		150 372 856	118 017 911

45.05	Liquidity Risk																														
	Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.																														
	The entity's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.																														
	The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.																														
	<table><tr><th></th><th>Less than 1 year</th><th>Between 2 and 5 years</th><th>Between 6 and 10 years</th><th>Over 10 years</th></tr><tr><td>2018</td><td>162 687 753</td><td>46 461 784</td><td>48 245 850</td><td>10 607 502</td></tr><tr><td>Non-Current Borrowings</td><td>9 876 274</td><td>46 461 784</td><td>48 245 850</td><td>10 607 502</td></tr><tr><td>Trade and Other Payables from Exchange Transactions</td><td>110 400 017</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Consumer Deposits</td><td>11 469 143</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Unspent Conditional Grants and Receipts</td><td>30 942 319</td><td>-</td><td>-</td><td>-</td></tr></table>		Less than 1 year	Between 2 and 5 years	Between 6 and 10 years	Over 10 years	2018	162 687 753	46 461 784	48 245 850	10 607 502	Non-Current Borrowings	9 876 274	46 461 784	48 245 850	10 607 502	Trade and Other Payables from Exchange Transactions	110 400 017	-	-	-	Consumer Deposits	11 469 143	-	-	-	Unspent Conditional Grants and Receipts	30 942 319	-	-	-
	Less than 1 year	Between 2 and 5 years	Between 6 and 10 years	Over 10 years																											
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Unspent Conditional Grants and Receipts	19 078 711	-	-	-																											

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Description	2018 R	6 August 2016 - 30 June 2017 2017 R
46	FINANCIAL INSTRUMENTS	2018 R	6 August 2016 - 30 June 2017 2017 R
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:		
46.01	Financial Assets		
	Financial instruments at amortised cost		
	Non-Current Receivables from Exchange Transactions	8 904	-
	Trade Receivables from Exchange Transactions	61 326 811	61 955 489
	Trade Receivables from Non-Exchange Transactions	12 320 680	12 215 587
	Operating Lease Asset	134 020	92 517
	Current Portion of Non-Current Receivables	4 938	12 563
	Cash and Cash Equivalents	76 582 442	43 754 318
		<u>150 377 794</u>	<u>118 030 475</u>
46.02	Financial Liability		
	Financial instruments at amortised cost		
	Non-Current Borrowings	105 315 136	104 020 707
	Trade and Other Payables from Exchange Transactions	110 400 017	85 695 485
	Consumer Deposits	11 469 143	10 867 850
	Unspent Conditional Grants and Receipts	30 942 319	19 078 711
	Current Portion of Non-Current Borrowings	9 876 274	8 715 878
		<u>268 002 890</u>	<u>228 378 631</u>
47	EVENTS AFTER REPORTING DATE		
47.01	The Director: Civil Services (J E Kock) resigned on the 3rd of August 2018 with his last working day being the 31st of August 2018.		
48	Going Concern	2018	6 August 2016 - 30 June 2017 2017
	(Deficit) / Surplus for the year	(39 894 288)	4 211 646
	During the period 2008/2009 to 2009/2010 the Municipality utilised the transitional provisions of Directive 4 issued by the Accounting Standards Board; which allowed the Municipality three years to recognise assets under the previous basis of accounting utilised by Municipalities. However, for the 2010/2011 financial year and retrospectively for two years the Municipality had to apply the new required Accounting Standards to recognise their assets. The result was that these assets were recognised at its current depreciated replacement cost; which resulted in a significant increase in the accumulated surplus. Due to the significant increase in the value of assets; depreciation subsequently increased as well. Thus, although the increase in depreciation has resulted in a deficit, this deficit is set-off against the large accumulated surplus that has been created. The off-setting depreciation must go – according to the approved GRAP Accounting Standards – through the Statement of Financial Performance and may not be off-set directly against the Statement of Changes in Net Assets. The deficit is thus funded by the accumulated surplus in the Statement of Changes in Net Assets; and, thus this will influence the setting of tariffs in the future.		
	Current Assets less current liabilities	(55 277 704)	(54 257 830)
	It is noted with real concern that the current assets is R 55 277 704 (2017: R 54 257 830) less than the current liabilities. Management are looking at ways to that will improve our current ratio of 0.70:1.00 (2017: 0.70:1.00) to a more favourable current ratio of 1.00:1.00.		
	As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.		
	Counter funding on projects will funded through own generated funds. Capital projects where counter funding is required will be limited to service delivery projects. As current loans are being paid up our liability will decrease and our financial position will stabilise.		
	Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.		

DAWID KRUIPER MUNICIPALITY

APPENDIX A: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018

External Loans	Loan Number	Redeemable	Loan term	Interest Rate (Fixed)	Balance at 01/07/2017	Carrying Value Adjustment	Received During the Period	Other Costs	Interest Levied	Redeemed During the Period	Balance at 30/06/2018
					R		R			R	R
Annuity Loans											
Development Bank of SA	6100-7422	31/03/2019	20 years	16.50%	6 814 097	-	-	-	1 026 918	(2 339 913)	5 501 102
Development Bank of SA	6100-7425	31/12/2015	7 years	12.98%	-	-	-	-	115	(115)	-
Development Bank of SA	6100-7423	31/12/2028	20 years	12.59%	38 491 103	-	-	-	4 765 837	(6 035 191)	37 221 749
Development Bank of SA	6100-7424	31/12/2023	15 years	6.75%	27 157 486	-	-	-	1 745 680	(4 401 399)	24 501 767
Development Bank of SA	6100-7339	30/06/2020	20 years	5.00%	503 250	-	-	-	21 708	(204 665)	320 293
Standard Bank	310-634-334	20-01-2017	5 years	10.00%	-	-	-	-	-	-	-
Standard Bank	310-840-708	31-12-2027	15 years	11.35%	39 770 650	-	-	1 239	4 456 843	(6 582 234)	37 646 498
First National Bank	4000077949032	30-06-2023	5 years	12.09%		-	10 000 000	-	-	-	10 000 000
TOTAL EXTERNAL LOANS					112 736 586	-	10 000 000	1 239	12 017 102	(19 563 516)	115 191 411

DAWID KRUIPER MUNICIPALITY

APPENDIX B: ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2018

	Cost / Revaluation						Accumulated Depreciation					
	Restated Opening Balance	Additions	Disposals	Revaluation	Added from WIP	Closing Balance	Restated Opening Balance	Additions	Disposals	Impairment	Closing Balance	Carrying Value
<u>Land and Buildings</u>												
Land and Buildings	257 871 544	571 501	(43 340)	-	-	258 399 704	(61 420 595)	(6 088 671)	35 278	(85 219)	(67 559 207)	190 840 498
Work in Progress	869 758	244 773	-	-	(377 665)	736 866	-	-	-	-	-	736 866
	258 741 302	816 273	(43 340)	-	(377 665)	259 136 570	(61 420 595)	(6 088 671)	35 278	(85 219)	(67 559 207)	191 577 363
<u>Infrastructure</u>												
Roads and Storm Water	708 135 280	8 176 107	(548 782)	-	-	715 762 604	(208 138 898)	(23 779 130)	249 171	-	(231 668 857)	947 431 462
Electricity	416 172 897	9 411 079	(847 918)	-	-	424 736 057	(126 096 544)	(15 085 164)	248 639	-	(140 933 069)	565 669 126
Sewerage and Sanitation	174 511 749	1 913 779	(348 585)	-	-	176 076 944	(58 548 103)	(5 697 662)	318 108	-	(63 927 657)	240 004 601
Water Mains & Purification	566 492 826	9 901 571	(1 079 817)	-	-	575 314 579	(171 250 128)	(17 073 476)	773 312	(69 068)	(187 619 359)	762 933 939
Solid waste	92 278 866	-	(40 692)	-	-	92 238 173	(22 676 540)	(12 172 143)	17 317	-	(34 831 366)	127 069 539
Railway infrastructure	12 358 701	-	-	-	-	12 358 701	(11 123 288)	(247 083)	-	-	(11 370 371)	23 729 071
Airport	521 213	-	-	-	-	521 213	(312 766)	(104 243)	-	-	(417 009)	938 222
Communication	95 073	-	-	-	-	95 073	(22 015)	(2 446)	-	-	(24 461)	119 534
Fuel Equipment	1 685 981	-	-	-	-	1 685 981	(92 526)	(84 613)	-	-	(177 138)	1 863 119
Quarry / Mine Site	102 113 596	-	-	(85 270 861)	-	16 842 735	(1 546 750)	(10 531 416)	-	-	(12 078 166)	28 920 900
Landfill Sites & Quarries	-	-	-	-	-	-	-	-	-	-	-	-
Work in Progress	33 732 116	31 445 762	-	-	(18 764 381)	46 413 497	-	-	-	-	-	46 413 497
	2 108 098 297	60 848 297	(2 865 794)	(85 270 861)	(18 764 381)	2 062 045 558	(599 807 558)	(84 777 373)	1 606 546	(69 068)	(683 047 453)	1 378 998 104

Community assets

Other Community Assets	3 471 760	-	(16 062)	-	-	3 455 698	(505 806)	(211 368)	5 906	-	(711 268)	2 744 431
Graveyard Site	9 481 857	-	(67 145)	-	-	9 414 712	(2 757 618)	(372 208)	49 837	-	(3 079 989)	6 334 723
Recreational Facility	35 236 830	-	(212 745)	-	-	35 024 085	(12 191 790)	(1 523 961)	135 602	-	(13 580 149)	21 443 936
Sporting Facility	42 017 513	-	(582 185)	-	-	41 435 328	(12 000 768)	(1 653 910)	308 402	-	(13 346 276)	28 089 052
Work in Progress	3 266 106	661 387	-	-	-	3 927 493	-	-	-	-	-	3 927 493
	93 474 066	661 387	(878 137)	-	-	93 257 316	(27 455 982)	(3 761 447)	499 748	-	(30 717 681)	62 539 635

Other Assets

Vehicles	53 159 408	2 351 213	(199 737)	-	-	55 310 884	(30 513 942)	(5 467 482)	111 716	-	(35 869 708)	19 441 176
Fire Fighting Equipment	829 957	-	-	-	-	829 957	(264 525)	(82 996)	-	-	(347 520)	482 436
Fuel Power Equipment	193 503	49 803	(14 123)	-	-	229 183	(69 263)	(30 634)	5 027	-	(94 870)	134 314
General Vehicles	27 142 076	2 301 410	(116 014)	-	-	29 327 472	(12 430 240)	(2 961 913)	52 209	-	(15 339 944)	13 987 528
Motor Vehicles	6 247 483	-	(62 100)	-	-	6 185 383	(4 354 221)	(686 749)	49 680	-	(4 991 290)	1 194 093
Specialised Vehicles	806 248	-	-	-	-	806 248	(324 708)	(80 625)	-	-	(405 333)	400 915
Trucks / Bakkies	17 940 141	-	(7 500)	-	-	17 932 641	(13 070 985)	(1 624 566)	4 800	-	(14 690 751)	3 241 890
Lefatshe	4 177 059.06	-	-	-	-	4 177 059	-	-	-	-	-	4 177 059
Communication	207 161.48	-	-	-	-	207 161	(38 842.74)	(4 316)	-	-	(43 159)	164 003
Air Conditioners	2 791 157.86	101 335	(4 705)	-	-	2 887 788	(1 537 888.18)	(300 046)	2 895	-	(1 835 039)	1 052 749
Cabinets / Cupboards	2 882 415.39	-	-	-	-	2 882 415	(2 019 551.79)	(277 641)	-	-	(2 297 193)	585 223
Chairs	2 315 918.02	60 337	(5 906)	-	-	2 370 349	(1 566 354.29)	(227 740)	4 527	-	(1 789 566)	580 783
Compressors	262 225.90	-	-	-	-	262 226	(187 503.61)	(24 756)	-	-	(212 259)	49 966
Computer Equipment	7 296 685.13	1 895 057	(546 496)	-	-	8 645 246	(3 772 140.05)	(848 296)	365 504	-	(4 254 931)	4 390 314
Furniture and Other Office Equipment	2 203 969.72	46 386	(1 447)	-	-	2 248 908	(1 088 615.80)	(199 873)	626	-	(1 287 863)	961 045
General Equipment	12 527 151.24	922 515	(159 127)	-	-	13 290 539	(6 951 888.81)	(1 181 121)	82 165	-	(8 050 845)	5 239 694
Office Machines	82 463.96	-	-	-	-	82 464	(53 509.76)	(7 901)	-	-	(61 411)	21 053
Plant & Equipment	705 926.39	63 925	-	-	-	769 852	(228 830.95)	(92 732)	-	-	(321 563)	448 289
Radio Equipment	22 400.00	-	-	-	-	22 400	(15 852.46)	(2 094)	-	-	(17 946)	4 454
Sundry Furniture	545 902.63	-	-	-	-	545 903	(351 909.45)	(46 867)	-	-	(398 776)	147 127
Table / Desks	2 058 810.71	26 254	-	-	-	2 085 064	(1 247 124.70)	(211 162)	-	-	(1 458 287)	626 778
Work of Art	11 400.00	-	-	-	-	11 400	(7 015.97)	(877)	-	-	(7 893)	3 507
Fire Fighting Equipment	297 498.40	-	-	-	-	297 498	(154 069.23)	(33 671)	-	-	(187 740)	109 758
Office Equipment	335 978.83	-	(23 586)	-	-	312 393	(166 168.84)	(22 335)	10 322	-	(178 182)	134 211
	91 883 533	5 467 021	(941 005)	-	-	96 409 549	(49 901 208)	(8 948 909)	577 756	-	(58 272 361)	38 137 188
GRAND TOTAL	2 552 197 198	67 792 978	(4 728 276)	(85 270 861)	(19 142 046)	2 510 848 992	(738 585 343)	(103 576 400)	2 719 329	(154 287)	(839 596 702)	1 671 252 291

DAWID KRUIPER MUNICIPALITY

APPENDIX C: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

6 August 2016 - 30 June 2017 2017 Actual Income R	6 August 2016 - 30 June 2017 2017 Actual Expenditure R	6 August 2016 - 30 June 2017 2017 Actual Gain / (Losses) R	6 August 2016 - 30 June 2017 2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	6 August 2016 - 30 June 2017 2017 Actual Gain / (Losses) R	2018 Surplus/ (Deficit) R
5 256 423	31 469 857	-	(26 213 435)	Executive & Council	22 729 840	53 868 835	-	(31 138 995)
183 313 063	102 612 769	10 022 469.80	90 722 764	Finance and Administration	200 399 135	118 117 581	(1 162 822)	81 118 732
-	1 761 009	-	(1 761 009)	Internal Audit	-	1 895 033	-	(1 895 033)
1 910 324	7 320 582	-	(5 410 258)	Community & Social Services	4 406 676	9 626 404	-	(5 219 728)
4 773 712	27 858 327	-	(23 084 616)	Sport & Recreation	4 606 942	32 365 555	-	(27 758 613)
52 912	10 999 979	-	(10 947 067)	Public Safety	302 588	14 243 321	-	(13 940 733)
772 214	2 541 331	-	(1 769 117)	Housing	650 000	4 516 474	-	(3 866 474)
-	-	-	-	Health	-	-	-	-
5 025 509	7 410 495	-	(2 384 986)	Planning and Development	19 511 472	12 054 425	-	7 457 047
10 862 322	36 503 751	-	(25 641 430)	Road Transport	11 513 860	67 101 801	-	(55 587 940)
-	-	-	-	Environmental Protection	-	-	-	-
248 785 286	196 610 432	-	52 174 854	Energy Sources	269 391 708	220 801 551	-	48 590 158
47 662 064	56 658 703	-	(8 996 639)	Water Management	54 572 728	66 222 143	-	(11 649 415)
27 264 290	38 864 881	-	(11 600 590)	Waste Water Management	33 577 242	40 726 749	-	(7 149 507)
20 262 777	39 452 016	-	(19 189 240)	Waste Management	26 579 684	43 160 584	-	(16 580 900)
286	1 687 872	-	(1 687 586)	Other	155	2 273 040	-	(2 272 885)
555 941 182	561 752 005	10 022 470	4 211 646	TOTAL	648 242 030	686 973 496	(1 162 822)	(39 894 288)

DAWID KRUIPER MUNICIPALITY

APPENDIX D ACTUAL VERSUS BUDGET (ACQUISITION OF PPE, IP AND INTANGIBLE ASSETS) FOR THE YEAR ENDED 30 JUNE 2018

	2018 Actual R	2018 Approved Adjustment Budget R	2018 Variance R	2018 Variance %	Explanation of Significant Variances
Executive & Council	294 803	577 998	283 195	49.00%	Incomplete capital projects
Finance and Administration	13 947 820	32 074 277	18 126 457	56.51%	Incomplete capital projects
Internal Audit	-	-	-	-	
Community & Social Services	150 685	1 103 730	953 045	86.35%	Incomplete capital projects
Sport & Recreation	52 850	52 208	(642)	-1.23%	Insignificant Variance
Public Safety	42 801	281 893	239 092	84.82%	Incomplete capital projects
Housing	-	-	-	-	
Health	-	-	-	-	
Planning and Development	10 202 841	14 733 801	4 530 960	30.75%	Incomplete capital projects
Road Transport	1 465 478	10 150 000	8 684 522	85.56%	Incomplete capital projects
Environmental Protection	-	-	-	-	
Energy Sources	14 522 205	38 333 932	23 811 727	62.12%	Incomplete capital projects
Water Management	11 678 084	17 371 958	5 693 874	32.78%	Incomplete capital projects
Waste Water Management	334 597	1 362 387	1 027 790	75.44%	Incomplete capital projects
Waste Management	-	-	-	-	
Other	-	-	-	-	
GRAND TOTALS	52 692 164	116 042 184	63 350 020	54.6%	

APPENDIX E
DAWID KRUIPER MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 July 2017	Correction of Error	Restated balance 1 July 2017	Contributions during the year	Written Off	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2018	Unspent 30 June 2018 (Creditor)	Unpaid 30 June 2018 (Debtor)
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	R			R	R	R	R	R	R	R
FMG	-	-	-	4 045 000	-	(3 985 053.04)	(59 946.96)	-	-	-
Housing	-	-	-	650 000	-	(650 000)	-	-	-	-
Libraries	1 018 000	-	1 018 000	3 030 000	-	(3 888 867)	(159 133)	-	-	-
MIG	116 519	-	116 519	19 607 000	-	(2 715 573)	(10 100 796)	6 907 150	6 907 150	-
Equitable Share	-	-	-	70 769 000	-	(70 769 000)	-	-	-	-
Lotto	358	-	358	-	-	-	-	358	358	-
EPWP - Nasional	88 411	-	88 411	1 161 000	-	(134 731)	(1 114 680)	-	-	-
INEP	-	-	-	17 000 000	-	(1 158 882)	(7 739 200)	8 101 918	8 101 918	-
EEDSMG	-	-	-	5 000 000	-	(407 321)	(2 721 741)	1 870 938	1 870 938	-
WSIG	-	-	-	7 000 000	-	(327 873)	(2 882 879)	3 789 248	3 789 248	-
DWA	4 344	-	4 344	-	-	-	-	4 344	4 344	-
COGHSTA	1 792 081	-	1 792 081	-	-	(21 000)	(140 000)	1 631 081	1 631 081	-
Homestay Projects	15 616	-	15 616	-	-	-	-	15 616	15 616	-
Bloodhound Project	3 639	-	3 639	-	-	-	-	3 639	3 639	-
Municipal Demarcation Transition Grant	12 015 409	(64 869)	11 950 540	4 565 000	-	(2 673 734)	(9 273 779)	4 568 028	4 568 028	-
Northern Cape Provincial Government	4 000 000	-	4 000 000	-	-	-	-	4 000 000	4 000 000	-
Directo Signs: Community Development	50 000	-	50 000	-	-	-	-	50 000	50 000	-
Upington Summer Festival & Carols by Candle Light	39 204	-	39 204	10 000	-	(49 204)	-	-	-	-
Total	19 143 580	(64 869)	19 078 711	132 837 000	-	(86 781 238)	(34 192 154)	30 942 319	30 942 319	-

APPENDIX F
DAWID KUIPER MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & SENIOR MANAGEMENT

30 June 2018

Incumbent	Fees for Rates	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Leave Gratuity	Total Remuneration
	R		R	R	R	R	R	R
Executive Mayor								
L A Koloi	1 393	3 220	703 057	-	40 800	123 357	-	867 214
Speaker								
M Segede	-	-	661 129	-	40 800	-	-	701 929
Executive Committee								
E Mnyaka	-	-	299 169	-	40 800	46 604	-	386 573
E Lebisa	-	-	302 066	-	84 507	-	-	386 573
J Moya	-	-	299 169	-	40 800	46 604	-	386 573
M Eiman	-	4 506	299 169	-	40 800	46 604	-	386 573
M Andreas	-	-	345 773	-	40 800	-	-	386 573
S Masikani	-	4 111	345 773	-	40 800	-	-	386 573
Section 79 Chairperson								
M Maasdorp	58	198	291 898	-	40 800	43 732	-	376 430
Other Councillors								
M W Davids	-	-	261 529	-	40 800	-	-	302 329
F Olifant	-	3 670	261 529	-	40 800	-	-	302 329
A C C Morkel	-	-	261 529	-	40 800	-	-	302 329
S D Dubeni	-	-	260 020	-	42 309	-	-	302 329
B Kalote	-	-	227 717	-	40 639	33 973	-	302 329
F T van der Steen	6 633	36 765	261 529	-	40 800	-	-	302 329
J H Opperman	15 617	7 868	261 529	-	40 800	-	-	302 329
B L B Bosman	-	3 059	211 873	-	40 800	49 656	-	302 329
S Rooi	-	1 097	227 456	-	40 800	34 073	-	302 329
M E Klaaste	-	3 126	227 456	-	40 800	34 073	-	302 329
K de Wee	-	-	227 456	-	40 800	34 073	-	302 329
M Plaatjies	-	1 097	224 609	-	40 800	36 920	-	302 329
D J Coetzee	-	-	261 529	-	40 800	-	-	302 329
I I S S Selborne	3 309	8 284	261 529	-	40 800	-	-	302 329
J C Esau	-	-	227 456	-	40 800	34 073	-	302 329
P S J Isaacs	4 470	33 018	207 869	-	40 800	53 660	-	302 329
S Sandlana	-	-	227 456	-	40 800	34 073	-	302 329
J Mei (Resigned 31 October 2017)	-	1 868	94 281	-	7 600	-	-	101 881
B J Snyders	929	12 398	261 529	-	40 800	-	-	302 329
J Assegai	-	-	261 527	-	40 800	-	-	302 327
D Visagie	2 264	7 212	261 529	-	40 800	-	-	302 329
L Stander (Appointed 27 September 2017)	-	-	172 587	-	30 963	25 888	-	229 439
H Ross (Appointed 13 November 2017)	-	-	136 875	-	31 859	21 775	-	190 509
Total for Councillors	34 674	131 497	8 835 604	-	1 298 677	699 136	-	10 833 417

30 June 2018

Incumbent	Fees for Rates	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Leave Gratuity	Total Remuneration
	R		R	R	R	R	R	R
Municipal Manager E Ntoba	24 635	50 541	1 191 452	-	228 744	15 798	-	1 435 994
Previous Municipal Manager N E Ngxanga	-	-	-	217 591	-	-	-	217 591
Chief Financial Officer G M Schreiner	755	2 037	931 152	157 763	201 110	199 716	-	1 489 740
Director: Development Services G M Bovu	5 225	12 096	1 115 184	157 763	202 253	15 675	-	1 490 875
Director: Corporate Services C M Newman	10 160	13 465	916 336	157 763	199 076	216 453	-	1 489 628
Director: Development and Planning Services (1 July 2017 - 30 September 2017) P J Viviers	-	-	239 984	157 763	10 040	58 046	-	465 833
Director: Electro-mechanical Services (Acting Director form 1 July 2017 - 31 January 2018. Appointed as 1 February 2018) A J Snyders	-	-	907 351	-	72 000	26 336	12 248	1 017 934
Previous Director: Electro-mechanical Services H A Auret	-	-	-	157 763	-	-	-	157 763
Director: Civil engineering Services J E Kock	580	2 924	1 209 437	157 763	108 000	16 492	-	1 491 692
Total for Senior Managers	41 355	81 063	6 510 896	1 164 169	1 021 222	548 515	12 248	9 257 050

DAWID KRUIPER MUNICIPALITY
APPENDIX G
RATIO ANALYSIS

RATIO		FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	MUNICIPAL COMMENTS (#)
" R 000 "							
1. FINANCIAL POSITION							
A. Asset Management/Utilisation							
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%		7%	Only capital projects funded by Grant allocations are being conducted
					Total Operating Expenditure	685 258 721	
					Taxation Expense	-	
					Total Capital Expenditure	52 692 164	
2	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment/(Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%		0%	The implementation of a stricter Asset Management Plan resulted in assets being impaired.
					PPE, Investment Property and Intangible Impairment	208 576	
					PPE at carrying value	1 671 252 288	
					IP at carrying value	616 647 064	
					Intangible Assets at carrying value	5 908 742	
3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports	8%		1%	This is due to the implementation of GRAP 17 with the higher DRC values
					Total Repairs and Maintenance Expenditure	13 495 477	
					PPE at carrying value	1 671 252 288	
					Investment Property at Carrying value	616 647 064	
B. Debtors Management							
1	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget , In-Year Reports, IDP and AR	95%		96%	
					Gross Debtors closing balance	134 388 140	
					Gross Debtors opening balance	116 723 607	
					Bad debts written Off	1 405 359	
					Billed Revenue	477 182 517	

2	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off/Provision for Bad debts x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		2%	
					Consumer Debtors Bad debts written off	1 405 359	
					Consumer Debtors Current bad debt Provision	60 740 649	

3	Net Debtors Days	((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) x 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 days		56 days	Credit Control and Debt Collection Policy is not fully implemented
					Gross debtors	134 388 140	
					Bad debts Provision	60 740 649	
					Billed Revenue	477 182 517	

C. Liquidity Management

1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months		1 Month	Non-collection of outstanding debtors resulted in cash flow problems
					Cash and cash equivalents	76 582 442	
					Unspent Conditional Grants	30 942 319	
					Overdraft	-	
					Short Term Investments	-	
					Total Annual Operational Expenditure	685 258 721	

2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		0.74	Non-collection of outstanding debtors resulted in cash flow problems
					Current Assets	157 550 572	
					Current Liabilities	212 828 276	

D. Liability Management

1	Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost(Interest Paid and Redemption) / Total Operating Expenditure x 00	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-Year Reports and AR	6% - 8%		5%	Decrease in total operating expenditure resulted in higher capital cost percentage.
					Interest Paid	12 017 102	
					Redemption	19 563 516	
					Total Operating Expenditure	685 258 721	
					Taxation Expense	-	

2	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		18%	
					Total Debt	115 191 410	
					Total Operating Revenue	648 242 030	
					Operational Conditional Grants	16 012 238	

E. Sustainability

1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank overdraft + Short Term Investment + Long Term Investment - Unspent grants) / (Net Assets - Accumulated Surplus - Non Controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%		#DIV/0!	All unspent grants were cash backed
					Cash and cash Equivalents	76 582 442	
					Bank Overdraft	-	
					Short Term Investment	-	
					Long Term Investment	-	
					Unspent Grants	30 942 319	
					Net Assets	1 954 851 649	
					Share Premium	-	
					Share Capital	-	
					Revaluation Reserve	-	
					Fair Value Adjustment Reserve	-	
					Accumulated Surplus	1 954 851 649	

2. FINANCIAL PERFORMANCE

A. Efficiency

1	Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure)/Total Operating Revenue	Statement of Financial Performance, Budget, In-Year reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Asset	= or > 0%		-6%	Total Operating Revenue excludes Capital Expenditure Transferred to Revenue. Implementation of GRAP 17 with higher DRC values resulted in depreciation in access of R 80 million.
					Total Operating Revenue	648 242 030	
					Depreciation - Revalued Portion (Only populate if depreciation line item in the Statement of Financial Performance)	-	
					Total Operating Expenditure	685 258 721	
					Taxation Expense	-	

2	Net Surplus /Deficit Electricity	Total Electricity Revenue less Total Electricity Expenditure/Total Electricity Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	0% - 15%		18%	Electricity tariffs are approved by NERSA.
					Total Electricity Revenue	269 391 708	
					Total Electricity Expenditure	220 801 551	
3	Net Surplus /Deficit Water	Total Water Revenue less Total Water Expenditure/Total Water Revenue x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%		-21%	Water tariffs does not included provision to cover DRC values of assets due to implementation of GRAP 17.
					Total Water Revenue	54 572 728	
					Total Water Expenditure	66 222 143	
4	Net Surplus /Deficit Refuse	Total Refuse Revenue less Total Refuse Expenditure/Total Refuse Revenue x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%		-62%	Refuse tariffs does not included provision to cover DRC values of assets due to implementation of GRAP 17.
					Total Refuse Revenue	26 579 684	
					Total Refuse Expenditure	43 160 584	
5	Net Surplus /Deficit Sanitation and Waste Water	Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure/Total Sanitation and Waste Water Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	= or > 0%		-21%	Sanitation tariffs does not included provision to cover DRC values of assets due to implementation of GRAP 17.
					Total Sanitation and Water Waste Revenue	33 577 242	
					Total Sanitation and Water Waste Expenditure	40 726 749	

B. Distribution Losses							
1	Electricity Distribution Losses (Percentage)	(Number of Electricity Units Purchased and/or Generated - Number of units sold) / Number of Electricity Units Purchased and/or generated) x 100	Annual Report, Audit Report and Notes to Annual Financial Statements	7% - 10%		9%	
					Number of units purchased and/or generated	203 541 649	
					Number of units sold	186 045 785	
2	Water Distribution Losses (Percentage)	(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x 100	Annual Report, Audit Report and Notes to Annual Financial Statements	15% - 30%		42%	A project War against leaks were implemented to address these losses. A water masterplan is in the process of being compiled.
					Number of kilolitres purchased and/or purified	16 947 769	
					Number of kilolitres sold	9 815 058	
C. Revenue Management							
1	Growth in Number of Active Consumer Accounts	(Period under review's number of Active Debtor Accounts - previous period's number of Active Debtor Accounts)/ previous number of Active Debtor Accounts x 100	Debtors System	None		#DIV/0!	N/A newly established entity
					Number of Active Debtors Accounts (Previous)	-	
					Number of Active Debtors Accounts (Current)	-	
2	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue) x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= CPI		17%	N/A newly established entity
					CPI	0%	
					Total Revenue (Previous)	555 941 182	
					Total Revenue (Current)	648 242 030	
3	Revenue Growth (%) - Excluding capital grants	(Period under review's Total Revenue Excluding capital grants- previous period's Total Revenue excluding capital grants)/ previous period's Total Revenue excluding capital grants) x 100	Statement of Financial Performance, Notes to AFS , Budget, IDP, In-Year reports and AR	= CPI		18%	N/A newly established entity
					CPI	0%	
					Total Revenue Exl.Capital (Previous)	520 576 872	
					Total Revenue Exl.Capital (Current)	614 049 876	

D. Expenditure Management

1	Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) x 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days		100 days	Unspent grants previously not cash backed resulted in own funds being utilised to fund these projects as well as the non-collection of debtors resulted in cash flow problems
					Trade Creditors	76 310 181	
					Contracted Services	15 345 077	
					Repairs and Maintenance	-	
					General expenses	32 629 013	
					Bulk Purchases	176 912 356	
					Capital Credit Purchases (<i>Capital Credit Purchases refers to additions of Investment Property and Property, Plant and Equipment</i>)	52 692 164	

2	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	(Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Operating Expenditure x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%		8%	
					Irregular, Fruitless and Wasteful and Unauthorised Expenditure	52 470 327	
					Total Operating Expenditure	685 258 721	
					Taxation Expense	-	

3	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	25% - 40%		46%	
					Employee/personnel related cost	305 627 187	
					Councillors Remuneration	10 833 419	
					Total Operating Expenditure	685 258 721	
					Taxation Expense	-	

4	Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%		2%	
					Contracted Services	15 345 077	
					Total Operating Expenditure	685 258 721	
					Taxation Expense	-	

E. Grant Dependency

1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	Own funded Capital Expenditure (Internally generated funds + Borrowings) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and	None		300%	
					Internally generated funds	157 965 898	
					Borrowings	-	
					Total Capital Expenditure	52 692 164	

2	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements	None		300%	
					Internally generated funds	157 965 898	
					Total Capital Expenditure	52 692 164	

3	Own Source Revenue to Total Operating Revenue(Including Agency Revenue)	Own Source Revenue (Total revenue - Government grants and Subsidies - Public Contributions and Donations)/ Total Operating Revenue (including agency services) x 100	Statement Financial Performance, Budget, IDP, In-Year reports and AR	None		89%	
					Total Revenue	527 268 638	
					Government grant and subsidies	86 781 238	
					Public contributions and Donations	-	
					Capital Grants	34 192 154	

3. BUDGET IMPLEMENTATION

1	Capital Expenditure Budget Implementation Indicator	Actual capital Expenditure / Budget Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, In-Year reports and AR	95% - 100%		45%	Inflated capital budget due to roll-overs
					Actual Capital Expenditure	52 692 164	
					Budget Capital Expenditure	116 042 184	

2	Operating Expenditure Budget Implementation Indicator	Actual Operating Expenditure / Budgeted Operating Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		107%	Stricter budget controls resulted in less portion of budget being spent
					Actual Operating Expenditure	710 455 285	
					Budget Operating Expenditure	663 612 903	

3	Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		102%	Total Operating Revenue excludes Capital Expenditure Transferred to Revenue
					Actual Operating Revenue	636 368 843	
					Budget Operating Revenue	622 460 547	

4	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budget Service Charges and Property Rates Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		95%	
					Actual Service Charges and Property Rates Revenue	465 010 195	
					Budget Service Charges and Property Rates Revenue	491 465 076	

Interpretation of results

	The green colour indicates that the result is within the norm and is acceptable
	The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results.
	Data should be captured in the blue colour cell to calculate a ratio.
#	In situations where the results are not within the acceptable norm, corrective actions/plans should be taken and referenced