

# **RICHTERSVELD**

## **MUNICIPALITY**



**MUNISIPALITEIT  
RICHTERSVELD  
MUNICIPALITY**

Die Richtersveld leuse is:

!Ghâi //Khoredi

Dit beteken: "Strewe na sukses" in Nama

## **FINANCIAL STATEMENTS**

**30 JUNE 2018**

# RICHTERSVELD MUNICIPALITY

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# **RICHTERSVELD MUNICIPALITY**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

### **GENERAL INFORMATION**

#### **NATURE OF BUSINESS**

Richtersveld 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)

#### **JURISDICTION**

The Richtersveld Municipality includes the areas of Port Nolloth, Eksteensfontein, Kuboes, Alexander Bay, Sandrift and Lekkersing.

#### **MAYOR**

AM Jansen

#### **MUNICIPAL MANAGER**

G Cloete (Acting)

#### **CHIEF FINANCIAL OFFICER**

ME Basson

#### **REGISTERED OFFICE**

Private Bag X113  
PORT NOLLOTH  
8280

#### **AUDITORS**

Auditor-General

#### **PRINCIPLE BANKERS**

First National Bank

# RICHTERSVELD MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### GENERAL INFORMATION

#### ATTORNEYS

Tobie Kotze & Van Sitterts  
Schreuders

#### RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)  
Collective Agreements  
Division of Revenue Act  
Electricity Act (Act no 41 of 1987)  
Employment Equity Act (Act no 55 of 1998)  
Housing Act (Act no 107 of 1997)  
Infrastructure Grants  
Municipal Budget and Reporting Regulations  
Municipal Finance Management Act (Act no 56 of 2003)  
Municipal Planning and Performance Management Regulations  
Municipal Property Rates Act (Act no 6 of 2004)  
Municipal Regulations on Standard Chart of Accounts  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Systems Amendment Act (Act no 7 of 2011)  
SALBC Leave Regulations  
Skills Development Levies Act (Act no 9 of 1999)  
Supply Chain Management Regulations, 2005  
The Income Tax Act  
Unemployment Insurance Act (Act no 30 of 1966)  
Value Added Tax Act  
Water Services Act (Act no 108 of 1997)

#### MEMBERS OF THE RICHTERSVELD MUNICIPALITY

##### WARD

1  
2  
3  
4  
Proportional  
Proportional  
Proportional

##### COUNCILLOR

WJP Links  
A Bock  
G Beukes  
CJ Stuurman  
AM Jansen  
SM Isaaks  
R Jonker

# RICHTERSVELD MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2018, which are set out on pages 5 to 86 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

The annual financial statements were prepared on the going concern basis.

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G Cloete (Acting)  
**Municipal Manager**

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**Date**

**RICHTERSVELD MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018**

	Notes	2018 R	2017 R
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>223,684,228</b>	<b>196,812,242</b>
Property, Plant and Equipment	2	185,768,421	158,713,856
Investment Property	3	37,751,089	37,841,867
Intangible Assets	4	164,719	256,520
<b>Current Assets</b>		<b>11,854,802</b>	<b>4,789,672</b>
Inventory	6	558,480	322,589
Receivables from Exchange Transactions	7	3,399,172	1,971,946
Receivables from Non-exchange Transactions	8	1,535,877	887,498
Operating Lease Asset	5.1	-	1,146
Taxes	17	3,041,324	994,326
Cash and Cash Equivalents	9	3,319,949	612,167
<b>Total Assets</b>		<b>235,539,030</b>	<b>201,601,915</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>		<b>30,829,938</b>	<b>21,648,711</b>
Long-term Borrowings	10	547,407	2,102,237
Non-current Provisions	11	27,396,696	16,779,072
Non-current Employee Benefits	12	2,885,836	2,767,402
<b>Current Liabilities</b>		<b>25,533,888</b>	<b>18,160,428</b>
Consumer Deposits	13	1,408,660	1,315,976
Provisions	11	1,994,712	-
Current Employee Benefits	14	2,539,674	2,314,263
Trade and Other Payables from Exchange Transactions	15	15,735,333	13,024,769
Unspent Transfers and Subsidies	16	2,300,679	57,921
Current Portion of Long-term Borrowings	10	1,554,830	1,447,499
<b>Total Liabilities</b>		<b>56,363,826</b>	<b>39,809,139</b>
<b>Net Assets</b>		<b>179,175,204</b>	<b>161,792,776</b>
Capital Replacement Reserve	19	739	739
Housing Development Fund	19	455,059	455,059
Accumulated Surplus/(Deficit)		178,719,405	161,336,977
<b>Total Net Assets and Liabilities</b>		<b>235,539,030</b>	<b>201,601,915</b>

**RICHTERSVELD MUNICIPALITY**

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

	Notes	2018 R	2017 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>60,469,207</b>	<b>35,927,572</b>
<b>Taxation Revenue</b>		<b>7,598,299</b>	<b>5,767,429</b>
Property Rates	20	7,593,781	5,767,429
Surcharges and Taxes		4,518	-
<b>Transfer Revenue</b>		<b>52,689,882</b>	<b>28,573,174</b>
Government Grants and Subsidies	21	51,747,182	27,052,183
Public Contributions and Donations	22	942,700	1,520,991
<b>Other Revenue</b>		<b>181,026</b>	<b>1,586,969</b>
Actuarial Gains	12	17,164	-
Fines, Penalties and Forfeits		6,384	115,703
Interest Earned - Non-exchange Transactions		157,478	1,471,266
<b>Revenue from Exchange Transactions</b>		<b>30,076,852</b>	<b>27,568,678</b>
Service Charges	24	24,479,471	21,297,715
Sales of Goods and Rendering of Services	25	2,068,604	1,898,019
Rent on Land	26	321,186	439,998
Rental from Fixed Assets	27	268,360	240,173
Interest Earned - External Investments	28	441,939	186,692
Interest Earned - Exchange Transactions	29	2,026,834	2,715,278
Licences and Permits	23	6,646	92,046
Agency Services		389,410	389,087
Operational Revenue	30	74,400	309,670
<b>Total Revenue</b>		<b>90,546,059</b>	<b>63,496,251</b>
<b>EXPENDITURE</b>			
Employee related costs	31	(25,436,546)	(24,367,619)
Remuneration of Councillors	32	(2,445,929)	(2,119,241)
Bad Debts Written Off		(943,094)	-
Contracted Services	33	(7,086,953)	(4,174,047)
Depreciation and Amortisation	34	(10,868,357)	(9,456,305)
Actuarial Losses	12	(25,982)	(21,950)
Finance Costs	35	(1,915,474)	(1,658,391)
Bulk Purchases	36	(12,815,060)	(11,706,043)
Inventory Consumed	6	(1,606,512)	(1,561,143)
Operating Leases		(249,731)	(245,248)
Transfers and Subsidies		-	(11,500)
Operational Costs	37	(7,349,858)	(7,314,247)
<b>Total Expenditure</b>		<b>(70,743,496)</b>	<b>(62,635,733)</b>
<b>Operating Surplus/(Deficit) for the Year</b>		<b>19,802,562</b>	<b>860,517</b>
Reversal of Impairment Loss/(Impairment Loss) on Receivables	38	(4,255,470)	(6,817,852)
Gains/(Loss) on Sale of Fixed Assets	39	1,522,602	(2,679,120)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	40	-	(403,876)
Discounting of Receivables		(910,130)	-
Fair Value Adjustments of Financial Asset		1,364,940	-
Water Losses	41	(142,076)	(252,849)
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>17,382,428</b>	<b>(9,293,180)</b>

**RICHTERSVELD MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018**

	<b>Capital Replacement Reserve R</b>	<b>Housing Development Fund R</b>	<b>Accumulated Surplus/ (Deficit) R</b>	<b>Total R</b>
<b>Balance at 1 July 2016</b>	<b>324,254</b>	<b>536,350</b>	<b>118,709,431</b>	<b>119,570,034</b>
Correction of Error - Note 43.6	-	-	51,515,922	51,515,922
<b>Restated balance</b>	<b>324,254</b>	<b>536,350</b>	<b>170,225,353</b>	<b>171,085,956</b>
Net Surplus/(Deficit) for the year	-	-	(9,293,180)	(9,293,180)
Net Surplus/(Deficit) previously reported	-	-	(7,093,635)	(7,093,635)
Effects of Correction of Errors - Note 43.7	-	-	(2,199,545)	(2,199,545)
Transfer to/from CRR	(323,514)	-	323,514	-
Transfer to Housing Development Fund	-	(81,290)	81,290	-
<b>Restated balance</b>	<b>739</b>	<b>455,060</b>	<b>161,336,977</b>	<b>161,792,776</b>
Net Surplus/(Deficit) for the year	-	-	17,382,428	17,382,428
Transfer to Housing Development Fund	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>739</b>	<b>455,060</b>	<b>178,719,405</b>	<b>179,175,204</b>



**RICHTERSVELD MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 R	2017 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Taxation		6,783,286	8,634,365
Service Charges		20,942,714	19,639,847
Other Revenue		3,152,993	4,420,112
Government - Operating		18,126,000	17,923,525
Government - Capital		35,579,000	7,680,211
Interest		441,939	186,692
Dividends		-	-
Cash payments			
Suppliers and Employees		(55,693,401)	(50,162,375)
Finance Charges		(329,067)	(558,380)
Transfers and Grants		-	-
<b>Net Cash from Operating Activities</b>	<b>44</b>	<b>29,003,465</b>	<b>7,763,996</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(26,660,830)	(8,654,466)
Proceeds on Disposal of Assets		1,719,961	1,119,551
Purchase of Intangible Assets		-	(102,116)
<b>Net Cash from Investing Activities</b>		<b>(24,940,869)</b>	<b>(7,637,031)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase/(Decrease) in Consumer Deposits		92,684	16,907
Repayment of Borrowing		(1,447,499)	(1,826,949)
<b>Net Cash from Financing Activities</b>		<b>(1,354,815)</b>	<b>(1,810,042)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>2,707,781</b>	<b>(1,683,077)</b>
Cash and Cash Equivalents at the beginning of the year		612,167	2,295,244
Cash and Cash Equivalents at the end of the year	<b>45</b>	<b>3,319,949</b>	<b>612,167</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>2,707,781</b>	<b>(1,683,077)</b>

**RICHTERSVELD MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018**

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	
	R	R	R	R	R	R	2018 R	%	
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash	2,341,358	(2,096,401)	244,957	-	-	244,957	289,785	18.30%	
Call Investment Deposits	-	-	-	-	-	-	3,030,163	100.00%	
Consumer Debtors	35,667,817	(15,325,974)	20,341,843	-	-	20,341,843	3,399,172	-83.29%	
Other Debtors	-	11,325,974	11,325,974	-	-	11,325,974	4,577,201	-59.59%	
Inventory	185,828	-	185,828	-	-	185,828	558,480	200.54%	
<b>Total Current Assets</b>	<b>48.2.1</b>	<b>38,195,004</b>	<b>(6,096,401)</b>	<b>32,098,603</b>	<b>-</b>	<b>-</b>	<b>32,098,603</b>	<b>11,854,802</b>	<b>-63.07%</b>
<b>Non-Current Assets</b>									
Long-term Receivables	162,079	-	162,079	-	-	162,079	-	-100.00%	
Investment Property	46,177,026	(8,531,059)	37,645,967	-	-	37,645,967	37,751,089	0.28%	
Property, Plant and Equipment	153,547,066	(26,227,136)	127,319,930	-	-	127,319,930	185,768,421	45.91%	
Intangible Assets	347,968	-	347,968	-	-	347,968	164,719	-52.66%	
<b>Total Non-Current Assets</b>	<b>48.2.2</b>	<b>200,234,139</b>	<b>(34,758,195)</b>	<b>165,475,944</b>	<b>-</b>	<b>-</b>	<b>165,475,944</b>	<b>223,684,228</b>	<b>35.18%</b>
<b>TOTAL ASSETS</b>		<b>238,429,143</b>	<b>(40,854,596)</b>	<b>197,574,547</b>	<b>-</b>	<b>-</b>	<b>197,574,547</b>	<b>235,539,030</b>	<b>19.22%</b>
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Borrowing	1,399,434	-	1,399,434	-	-	1,399,434	1,554,830	11.10%	
Consumer Deposits	1,025,363	-	1,025,363	-	-	1,025,363	1,408,660	37.38%	
Trade and Other Payables	10,967,789	8,425,625	19,393,414	-	-	19,393,414	18,036,012	-7.00%	
Provisions	2,109,052	-	2,109,052	-	-	2,109,052	4,534,386	115.00%	
<b>Total Current Liabilities</b>	<b>48.2.3</b>	<b>15,501,639</b>	<b>8,425,625</b>	<b>23,927,264</b>	<b>-</b>	<b>-</b>	<b>23,927,264</b>	<b>25,533,888</b>	<b>6.71%</b>
<b>Non-Current Liabilities</b>									
Borrowing	0.00	702,803	702,803	-	-	702,803	547,407	-22.11%	
Provisions	14,454,490	6,314,748	20,769,238	-	-	20,769,238	30,282,532	45.80%	
<b>Total Non-Current Liabilities</b>	<b>48.2.4</b>	<b>14,454,490</b>	<b>7,017,551</b>	<b>21,472,041</b>	<b>-</b>	<b>-</b>	<b>21,472,041</b>	<b>30,829,938</b>	<b>43.58%</b>
<b>TOTAL LIABILITIES</b>		<b>29,956,129</b>	<b>15,443,176</b>	<b>45,399,305</b>	<b>-</b>	<b>-</b>	<b>45,399,305</b>	<b>56,363,826</b>	<b>24.15%</b>
<b>NET ASSETS</b>									
Accumulated Surplus/(Deficit)	208,473,014	(56,752,831)	151,720,183	-	-	151,720,183	178,719,405	17.80%	
Reserves	-	455,059	455,059	-	-	455,059	455,798	0.16%	
<b>TOTAL NET ASSETS</b>	<b>48.2.5</b>	<b>208,473,014</b>	<b>(56,297,772)</b>	<b>152,175,242</b>	<b>-</b>	<b>-</b>	<b>152,175,242</b>	<b>179,175,204</b>	<b>17.74%</b>

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

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	2018 R	%
<b>REVENUE</b>								
Property Rates	12,993,749	-	12,993,749	-	-	12,993,749	7,598,299	-41.52%
Service Charges - Electricity Revenue	11,805,066	-	11,805,066	-	-	11,805,066	11,034,657	-6.53%
Service Charges - Water Revenue	7,720,031	-	7,720,031	-	-	7,720,031	5,656,571	-26.73%
Service Charges - Sanitation Revenue	3,889,190	-	3,889,190	-	-	3,889,190	4,271,265	9.82%
Service Charges - Refuse Revenue	4,622,673	-	4,622,673	-	-	4,622,673	3,516,979	-23.92%
Service Charges - Other Revenue	-	-	-	-	-	-	-	-
Rental of Facilities and Equipment	1,431,249	-	1,431,249	-	-	1,431,249	589,546	-58.81%
Interest Earned - External Investments	429,643	-	429,643	-	-	429,643	441,939	2.86%
Interest Earned - Outstanding Debtors	1,942,161	-	1,942,161	-	-	1,942,161	2,184,313	12.47%
Dividends Received	-	-	-	-	-	-	-	-
Fines	18,775	-	18,775	-	-	18,775	6,384	-66.00%
Licences and Permits	95,486	-	95,486	-	-	95,486	6,646	-93.04%
Agency Services	378,474	-	378,474	-	-	378,474	389,410	2.89%
Transfers Recognised - Operational	18,103,900	755,000	18,858,900	-	-	18,858,900	19,354,640	2.63%
Other Revenue	2,766,869	-	2,766,869	-	-	2,766,869	3,507,945	26.78%
Gains on Disposal of PPE	-	-	-	-	-	-	1,522,602	100.00%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>66,197,267</b>	<b>755,000</b>	<b>66,952,267</b>	<b>-</b>	<b>-</b>	<b>66,952,267</b>	<b>60,081,194</b>	<b>-10.26%</b>
<b>EXPENDITURE</b>								
Employee Related Costs	25,017,984	1,014,835	26,032,820	-	-	26,032,820	25,419,382	-2.36%
Remuneration of Councillors	2,058,041	206,866	2,264,907	-	-	2,264,907	2,445,929	7.99%
Debt Impairment	2,125,829	4,000,000	6,125,829	-	-	6,125,829	4,255,470	-30.53%
Depreciation and Asset Impairment	5,053,527	2,000,000	7,053,527	-	-	7,053,527	10,868,357	54.08%
Finance Charges	1,387,126	-	1,387,126	-	-	1,387,126	1,915,474	38.09%
Bulk Purchases	13,581,202	95,000	13,676,202	-	-	13,676,202	12,815,060	-6.30%
Other Materials	-	-	-	-	-	-	1,606,512	100.00%
Contracted Services	5,956,571	1,200,000	7,156,571	-	-	7,156,571	7,086,953	-0.97%
Other Expenditure	10,209,010	334,700	10,543,710	-	-	10,543,710	9,620,871	-8.75%
<b>Total Expenditure</b>	<b>65,389,290</b>	<b>8,851,401</b>	<b>74,240,691</b>	<b>-</b>	<b>-</b>	<b>74,240,691</b>	<b>76,034,008</b>	<b>2.42%</b>
<b>Surplus/(Deficit)</b>	<b>807,977</b>	<b>(8,096,401)</b>	<b>(7,288,424)</b>	<b>-</b>	<b>-</b>	<b>(7,288,424)</b>	<b>(15,952,814)</b>	<b>118.88%</b>
Transfers Recognised - Capital	20,684,100	15,197,000	35,881,100	-	-	35,881,100	33,335,242	-7.10%
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>21,492,077</b>	<b>7,100,599</b>	<b>28,592,676</b>	<b>-</b>	<b>-</b>	<b>28,592,676</b>	<b>17,382,428</b>	<b>-39.21%</b>
Taxation	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	<b>21,492,077</b>	<b>7,100,599</b>	<b>28,592,676</b>	<b>-</b>	<b>-</b>	<b>28,592,676</b>	<b>17,382,428</b>	<b>-39.21%</b>
Attributable to Minorities	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	<b>21,492,077</b>	<b>7,100,599</b>	<b>28,592,676</b>	<b>-</b>	<b>-</b>	<b>28,592,676</b>	<b>17,382,428</b>	<b>-39.21%</b>
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>21,492,077</b>	<b>7,100,599</b>	<b>28,592,676</b>	<b>-</b>	<b>-</b>	<b>28,592,676</b>	<b>17,382,428</b>	<b>-39.21%</b>

**RICHTERSVELD MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018**

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	
	R	R	R	R	R	R	2018 R	%	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Taxation	8,293,747	-	8,293,747	-	-	8,293,747	6,783,286	-18.21%	
Service Charges	20,048,847	-	20,048,847	-	-	20,048,847	20,942,714	4.46%	
Other Revenue	3,259,604	-	3,259,604	-	-	3,259,604	3,152,993	-3.27%	
Government - Operating	18,103,900	755,000	18,858,900	-	-	18,858,900	18,126,000	-3.89%	
Government - Capital	20,684,100	15,197,000	35,881,100	-	-	35,881,100	35,579,000	-0.84%	
Interest	429,643	-	429,643	-	-	429,643	441,939	2.86%	
Dividends	-	-	-	-	-	-	-	-	
<b>Payments</b>									
Suppliers and Employees	(45,338,872)	(2,851,401)	(48,190,274)	-	-	(48,190,274)	(55,693,401)	15.57%	
Finance costs	-	-	-	-	-	-	(329,067)	100.00%	
Transfers and Grants	-	-	-	-	-	-	-	-	
<b>Net Cash from/(used) Operating Activities</b>	<b>48.2.8</b>	<b>25,480,969</b>	<b>13,100,599</b>	<b>38,581,567</b>	<b>-</b>	<b>-</b>	<b>38,581,567</b>	<b>29,003,465</b>	<b>-24.83%</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	-	-	-	-	-	-	1,719,961	-	
Decrease/(Increase) in Non-Current Debtors	(162,079)	-	(162,079)	-	-	(162,079)	-	-100.00%	
Decrease/(Increase) in Other Non-Current Receivables	-	-	-	-	-	-	-	-	
Decrease/(Increase) in Non-Current Investments	-	-	-	-	-	-	-	-	
<b>Payments</b>									
Capital Assets	(21,947,600)	(15,197,000)	(37,144,600)	-	-	(37,144,600)	(26,660,830)	-28.22%	
<b>Net Cash from/(used) Investing Activities</b>	<b>48.2.9</b>	<b>(22,109,679)</b>	<b>(15,197,000)</b>	<b>(37,306,679)</b>	<b>-</b>	<b>-</b>	<b>(37,306,679)</b>	<b>(24,940,869)</b>	<b>-33.15%</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short Term Loans	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	
Increase/(Decrease) in Consumer Deposits	1,025,363	-	1,025,363	-	-	1,025,363	92,684	-90.96%	
<b>Payments</b>									
Repayment of Borrowing	-	-	-	-	-	-	(1,447,499)	100.00%	
<b>Net Cash from/(used) Financing Activities</b>	<b>48.2.10</b>	<b>1,025,363</b>	<b>-</b>	<b>1,025,363</b>	<b>-</b>	<b>-</b>	<b>1,025,363</b>	<b>(1,354,815)</b>	<b>-232.13%</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>									
Cash and Cash Equivalents at the year begin:	4,396,653	(2,096,401)	2,300,252	-	-	2,300,252	2,707,781	17.72%	
	(2,055,295)	-	(2,055,295)	-	-	(2,055,295)	612,167	-129.78%	
Cash and Cash Equivalents at the year end:	2,341,358	(2,096,401)	244,957	-	-	244,957	3,319,948	1255.32%	

**INSERT ACCOUNTING POLICY**

**See word document**

Pages 12-48

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2018

Reconciliation of Carrying Value							
	Buildings R	Land R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
<b>Carrying value at 1 July 2017</b>	7,811,969	15,940,849	123,576,178	6,428,577	3,419,066	1,537,216	158,713,856
<b>Cost</b>	17,962,063	16,101,549	178,793,513	12,490,975	6,267,049	5,461,561	237,076,711
Original Cost	17,962,063	16,101,549	178,793,513	12,490,975	6,267,049	5,461,561	237,076,711
<b>Accumulated Depreciation and Impairment Losses</b>	(10,150,094)	(160,700)	(55,217,335)	(6,062,398)	(2,847,983)	(3,924,345)	(78,362,855)
Original Cost	(10,150,094)	(160,700)	(55,217,335)	(6,062,398)	(2,847,983)	(3,924,345)	(78,362,855)
<b>Acquisitions</b>	-	-	1,400,791	-	-	149,684	1,550,476
<b>Capital under Construction</b>	-	-	25,110,354	-	-	-	25,110,354
Current Year	-	-	26,753,021	-	-	-	26,753,021
<b>Less:</b> Unbundled during the year	-	-	(1,642,667)	-	-	-	(1,642,667)
<b>Change in Provision for Rehabilitation Cost - IGRAP 2</b>	-	-	11,276,873	-	-	-	11,276,873
<b>Depreciation</b>	(726,405)	-	(7,698,637)	(573,629)	(1,275,314)	(411,795)	(10,685,778)
Normal Depreciation	(726,405)	-	(7,698,637)	(573,629)	(1,275,314)	(411,795)	(10,685,778)
<b>Carrying value of disposals / write-offs</b>	-	-	(197,360)	-	-	-	(197,360)
Cost	-	-	(410,575)	-	-	-	(410,575)
Accumulated Depreciation	-	-	213,215	-	-	-	213,215
<b>Impairment losses</b>	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-
Accumulated Impairment Loss	-	-	-	-	-	-	-
<b>Carrying value at 30 June 2018</b>	7,085,564	15,940,849	153,468,200	5,854,948	2,143,753	1,275,106	185,768,421
<b>Cost</b>	17,962,063	16,101,549	216,170,956	12,490,975	6,267,049	5,611,246	274,603,839
Original Cost	17,962,063	16,101,549	216,170,956	12,490,975	6,267,049	5,611,246	274,603,839
<b>Accumulated Depreciation and Impairment Losses</b>	(10,876,499)	(160,700)	(62,702,756)	(6,636,027)	(4,123,296)	(4,336,140)	(88,835,418)
Original Cost	(10,876,499)	(160,700)	(62,702,756)	(6,636,027)	(4,123,296)	(4,336,140)	(88,835,418)

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2.2 30 JUNE 2017

Reconciliation of Carrying Value							
	Buildings R	Land	Infrastructure R	Community R	Lease Assets R	Other R	Total R
<b>Carrying value at 1 July 2016</b>	8,354,063	15,940,849	123,425,805	6,702,247	3,878,571	2,796,349	161,097,884
<b>Cost</b>	17,886,538	16,101,549	174,019,084	13,425,416	5,751,926	9,161,477	236,345,990
Original Cost	17,406,830	16,101,549	121,048,346	13,213,161	5,751,926	9,161,477	182,683,290
Correction of Error - Note 43.1	479,707	-	52,970,738	212,254	-	-	53,662,700
<b>Accumulated Depreciation and Impairment Losses</b>	(9,532,475)	(160,700)	(50,593,279)	(6,723,168)	(1,873,355)	(6,365,128)	(75,248,106)
Original Cost	(9,546,248)	(160,700)	(49,401,666)	(6,810,508)	(1,873,355)	(6,365,128)	(74,157,606)
Correction of Error - Note 43.1	13,773	-	(1,191,612)	87,340	-	-	(1,090,499)
<b>Acquisitions</b>	318,412	-	7,208,260	284,957	1,524,482	423,792	9,759,903
Previously stated	318,412	-	8,482,863	284,957	1,524,482	423,792	11,034,506
Correction of Error - Note 43.1	-	-	(1,274,602)	-	-	-	(1,274,602)
<b>Capital under Construction</b>	(57,084)	-	912,308	-	-	-	855,223
Current Year	38,522	-	6,426,672	-	-	-	6,465,194
Less: Prior Year	(95,606)	-	(5,514,364)	-	-	-	(5,609,971)
<b>Change in Provision for Rehabilitation Cost - IGRAP 2</b>	-	-	817,982	-	-	-	817,982
<b>Carrying value of disposals / write-offs</b>	(166,238)	-	(2,707,400)	(15,137)	(307,560)	(929,384)	(4,125,719)
Cost	(185,802)	-	(4,052,147)	(1,219,398)	(608,246)	(4,157,028)	(10,222,621)
Correction of Error - Note 43.1	-	-	(111,974)	-	-	-	(111,974)
Accumulated Depreciation	19,564	-	1,348,621	1,204,261	300,686	3,191,560	6,064,693
Correction of Error - Note 43.1	-	-	108,100	-	-	36,083	144,183
<b>Depreciation</b>	(637,183)	-	(6,084,651)	(543,491)	(1,275,314)	(750,777)	(9,291,416)
Normal Depreciation	(609,000)	-	(3,854,919)	(522,971)	(1,275,314)	(750,777)	(7,012,981)
Correction of Error - Note 43.1	(28,183)	-	(2,229,732)	(20,520)	-	-	(2,278,435)
<b>Impairment losses</b>	-	-	3,874	-	-	(2,763)	(400,002)
Cost	-	-	-	-	(401,113)	33,320	(367,793)
Correction of Error - Note 43.1	-	-	3,874	-	-	(36,083)	(32,209)
<b>Carrying value at 30 June 2017</b>	7,811,969	15,940,849	123,576,178	6,428,577	3,820,179	1,537,216	158,713,856
<b>Cost</b>	17,962,063	16,101,549	178,793,513	12,490,975	6,267,049	5,461,561	237,076,711
Original Cost	17,962,063	16,101,549	178,793,513	12,490,975	6,267,049	5,461,561	237,076,711
<b>Accumulated Depreciation and Impairment Losses</b>	(10,150,094)	(160,700)	(55,217,335)	(6,062,398)	(2,847,983)	(3,924,345)	(78,362,855)
Original Cost	(10,150,094)	(160,700)	(55,217,335)	(6,062,398)	(2,847,983)	(3,924,345)	(78,362,855)

**RICHTERSVELD MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018**

	Notes	2018 R
<b>ASSETS</b>		
<b>Non-Current Assets</b>		<b>223,684,228</b>
Property, Plant and Equipment	2	185,768,421
Agricultural	3	-
Investment Property	4	37,751,089
Intangible Assets	5	164,719
Heritage Assets	6	-
Investments	7	-
Non-Current Receivables from Exchange Transactions	8	-
Non-Current Receivables from Non-Exchange Transactions	9	-
Operating Lease Asset	10.1	-
<b>Current Assets</b>		<b>11,854,802</b>
Inventory	11	558,480
Receivables from Exchange Transactions	12	3,399,172
Receivables from Non-exchange Transactions	13	1,535,877
Unpaid Transfers and Subsidies	22	-
Operating Lease Asset	10.1	-
Taxes	24.3	3,041,324
Current Portion of Non-Current Receivables	8 & 9	-
Cash and Cash Equivalents	14.1	3,319,949
Short-term Investments	14.2	-
<b>Total Assets</b>		<b>235,539,030</b>
<b>NET ASSETS AND LIABILITIES</b>		
<b>Non-Current Liabilities</b>		<b>30,829,938</b>
Long-term Borrowings	15	547,407
Non-current Provisions	16	27,396,696
Non-current Employee Benefits	17	2,885,836
Operating Lease Liability	10.2	-
<b>Current Liabilities</b>		<b>25,533,888</b>
Consumer Deposits	18	1,408,660
Provisions	19	1,994,712
Current Employee Benefits	20	2,539,674
Trade and Other Payables from Exchange Transactions	21	15,735,333
Unspent Transfers and Subsidies	22	2,300,679
Transfers and Subsidies Payable	23	-
Taxes	24.3	-
Short-term Borrowings	25	-
Operating Lease Liability	10.2	-
Cash and Cash Equivalents	14.3	-
Current Portion of Long-term Borrowings	15	1,554,830
<b>Total Liabilities</b>		<b>56,363,826</b>
<b>Net Assets</b>		<b>179,175,204</b>



Capital Replacement Reserve	26	739
Compensation for Occupational Injuries and Diseases Reserve	26	-
Donations and Public Contribution Reserve	26	-
Employee Benefits Reserve	26	-
Housing Development Fund	26	455,059
Non-Current Provisions Reserve	26	-
Revaluation Reserve	26	-
Self Insurance Reserve	26	-
Social Contribution Reserve	26	-
Valuation Roll Reserve	26	-
Accumulated Surplus/(Deficit)		178,719,405
<b>Total Net Assets and Liabilities</b>		<b>235,539,030</b>

*Balance*

-





2017 R	Difference	SOCNA	Net Profit/(loss)	Depreciation & Amortisation
<b>196,812,242</b>				
158,713,856	(27,054,564.96)			10,685,778.32
-	-			
37,841,867	90,777.66			90,777.66
256,520	91,801.35			91,801.35
-	-			
-	-			
-	-			
-	-			
<b>4,789,672</b>				
322,589	(235,890.37)			
1,971,946	(1,427,226.38)			
887,498	(648,379.65)			
-	-			
1,146	1,145.65			
994,326	(2,046,997.10)			
-	-			
612,167	(2,707,781.33)			
-	-			
<b>201,601,915</b>				
<b>21,648,711</b>				
2,102,237	(1,554,829.93)	(107,330.87)		
16,779,072	10,617,623.77	(1,994,712.09)		
2,767,402	118,433.48	(10,150.00)		
-	-			
<b>18,160,428</b>				
1,315,976	92,683.97			
-	1,994,712.09	1,994,712.09		
2,314,263	225,411.54	10,150.00		
13,024,769	2,710,563.49			
57,921	2,242,757.74			
-	-			
-	-			
-	-			
-	-			
1,447,499	107,330.87	107,330.87		
<b>39,809,139</b>				
<b>161,792,776</b>				

739	(0.00)			
-	-			
-	-			
-	-			
455,059	-			
-	-			
-	-			
-	-			
-	-			
161,336,977	17,382,428.11		17,382,428.08	
<b>201,601,915</b>	0.00	0.00	17,382,428.08	10,868,357.33
			18,292,558.08	
			(910,130.00)	

**CASH RECEIPTS**

**1**

**Taxation**

Rates Debtor - opening balance  
Property Rates  
Surcharges and Taxes  
Interest Earned - Non-exchange Trans  
Debt Impairment  
Adjust Debt Impairment  
Unwinding of Interest Earned on Recei

Rates Debtor - closing balance

**2**

**Sale of Goods and Services**

Service Debtor - opening balance  
Service Charges  
Service Debtor - closing balance  
Debt Impairment  
Adjust Debt Impairment  
Bad Debts Written Off  
Adjust Bad Debts Written Off  
Taxes (Output) - opening balance  
Taxes (Output) - opening closing  
Unwinding of Interest Earned on Recei  
Interest Earned - Exchange Transactio

**3**

**Other Revenue**

Other Receivables - opening balance  
Other Receivables - closing balance  
Public Contributions and Donations  
Fines  
Sales of Goods and Rendering of Serv  
Fair Value Adjustments of Financial As  
Adjust: Fair Value Adjustments of Fina  
Rent on Land  
Rental of Facilities and Equipment  
Adjust: Operating Leases  
Licences and Permits  
Income for Agency Services  
Operational Revenue  
Taxes (Output) - opening balance  
Taxes (Output) - opening closing

<b>4</b>	<p><b>Government - Operating</b></p> <p>Government Grants and Subsidies rec  Government Grants and Subsidies  Government Grants and Subsidies rec  Donation In-Kind  Repay to National Revenue Fund</p>
<b>5</b>	<p><b>Government - Capital</b></p> <p>Government Grants and Subsidies rec  Government Grants and Subsidies  Government Grants and Subsidies rec  Repay to National Revenue Fund</p>
<b>6</b>	<p><b>Interest</b></p> <p>Interest Earned - External Investments</p>
<b>7</b>	<p><b>Employee costs</b></p> <p>Contribution - Non-Current Employee E  Benefits Paid - Non-Current Employee  Contribution - Current Employee Benel  Benefits Paid - Current Employee Benel  Actuarial Gain  Adjust Actuarial Gain  Employee related costs  Remuneration of Councillors  Adjust: MM Salary In-Kind  Actuarial Loss  Adjust Actuarial Loss  Finance Cost - Non-current Employee</p>
<b>8</b>	<p><b>Suppliers</b></p> <p>Payables - opening balance  Payables - closing balance  Inventory - opening balance  Inventory - closing balance  Taxes (Input) - opening balance  Taxes (Input) - closing balance  Non-current Provisions - opening balar  Non-current Provisions - closing balan  Operating Lease Liability - opening bal  Operating Lease Liability - closing bala  Change in Provision for Rehabilitation  Unamortised Interest  Adjust Unamortised Interest  Finance Cost - Non-current Provisions  Adjust: Finance Cost - Non-current Prc  Depreciation  Adjust: Depreciation  Gain/(Loss) on Disposal  Adjust: Loss on Disposal  Impairment Loss</p>

Adjust: Impairment Loss  
Contracted Services  
Bulk Purchases  
Inventory Consumed  
Operating Leases  
Transfers and Subsidies  
Water Losses  
Operational Costs

**9**

**Finance Costs**

Creditors  
Long-term Liabilities

**Net cash from operating activities**

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Gain/(Loss) on disposal of PPE	Gain on disposal of PPE	Impairment loss	Reversal of impairment loss	IGRAP 2 Adjustment	MM Salary In-Kind
(1,522,601.57)				(11,276,872.88)	

11,276,872.88

284,939.89



(1,522,601.57)	-	-	-	-	284,939.89
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	11,103,583.53
	7,593,780.78
	4,517.90
actions	157,478.37
	(1,623,435.36)
	1,623,435.36
ivables	(65,616.00)
	<u>(12,010,458.12)</u>
	<u>6,783,286.46</u>

	44,568,739.15
	24,479,471.48
	(48,746,515.60)
	(2,632,034.92)
	2,632,034.94
	(943,094.23)
	943,094.23
	(3,600,198.28)
	3,058,896.98
ivables	(844,514.00)
ns	<u>2,026,834.28</u>
	<u>20,942,714.03</u>

	4,735,523.93
	(5,560,103.01)
	942,700.14
	6,383.70
ices	2,068,604.47
iset	1,364,940.42
ncial Asset	(1,364,940.42)
	321,185.98
	268,360.29
	1,145.65
	6,646.10
	389,409.95
	74,399.83
	581,555.57
	(682,819.67)

3,152,992.93

eived 53,705,000.00  
51,747,182.15  
ognised (51,462,242.26)  
(284,939.89)  
-  
53,705,000.00

eived  
ognised  
-

441,939.16  
441,939.16

Benefits 368,568.00  
Benefits (248,803.00)  
fits 1,689,886.13  
efits (1,474,624.59)  
17,164.00  
(17,164.00)  
(25,436,546.17)  
(2,445,929.43)  
284,939.89  
(25,982.00)  
25,982.00  
Benefits (250,944.00)  
(27,513,453.17)

(13,024,769.04)  
15,735,332.53  
322,589.48  
(558,479.85)  
4,012,969.17  
(5,417,400.87)

nce  
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ance  
nce  
Cost

(1,335,462.98)  
visions 1,335,462.98  
(10,868,357.33)  
10,868,357.33  
1,522,601.57  
(1,522,601.57)

(7,086,953.17)  
(12,815,059.50)  
(1,606,511.61)  
(249,731.10)  
-  
(142,076.00)  
(7,349,857.52)  
(28,179,947.48)

(30,060.29)  
(299,006.88)  
(329,067.17)

29,003,464.76

-  
29,003,464.76

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**NOTES**

Donation In-Kind	Government Grants and Subsidies received	Government Grants and Subsidies recognised as revenue	Repaid to National Revenue Fund	Contribution landfill-sites	Contribution Current Employee Benefits
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1,335,462.98

1,689,886.13

(284,939.89)

53,705,000.00

(51,462,242.26)

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(284,939.89)	53,705,000.00	(51,462,242.26)	-	1,335,462.98	1,689,886.13
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Benefits Paid Current Employee Benefits	Contribution non- current Employee Benefits	Benefits Paid Non-Current Employee Benefits	Actuarial Loss	Actuarial Gain	Contribution bad debt
---	--	--	----------------	----------------	--------------------------

2,632,034.94  
1,623,435.36

368,568.00      (248,803.00)      25,982.00      (17,164.00)

(1,474,624.59)



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(1,474,624.59)	368,568.00	(248,803.00)	25,982.00	(17,164.00)	4,255,470.30
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Reversal of provision bad debt	Bad Debts written-off	Fair Value Adjustment	UD Interest Paid	UD Interest Received	Operating lease income
--------------------------------------	--------------------------	--------------------------	------------------	-------------------------	---------------------------

943,094.23

(1,364,940.42)

1,145.65

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-	943,094.23	(1,364,940.42)	-	-	1,145.65
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Operating lease expense	Changes in working capital	Purchase PPE	Disposal PPE	Investment Property	Intangible Assets
		(26,660,829.96)	1,719,961.16		
	(235,890.37)				
	(5,002,355.53)				
	(906,874.59)				
	(2,046,997.10)				
	2,710,563.49				
	-				



-	(5,481,554.10)	(26,660,829.96)	1,719,961.16	-	-
	17,102,590.78	17,102,590.78	-		
	29,003,464.76				
	(5,380,290.00)				
	(101,264.10)				





## CASH FLOW STATEMENT

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Heritage Assets	Agricultural Assets	Long-term Receivables	Non-current Investments	Loans raised	Consumer Deposits
-----------------	------------------------	--------------------------	----------------------------	--------------	----------------------

92,683.97

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-	-	-	-	-	92,683.97
---	---	---	---	---	-----------

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Loans repaid

Nett

(0.03)

-

(0.00)

(0.00)

-

-

-

-

-

-

-

-

-

(0.02)

-

-

-

-

-

-

(2,707,781.33)

-

(1,447,499.06)

-

-

0.48

-

(0.00)

-

0.00

-

(0.00)

-

-

-

-

-

-

-



(0.00)

-

-

-

-

-

-

-

-

-

0.03

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(1,447,499.06)	(2,707,780.87)
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RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
		R	R
2.	PROPERTY, PLANT AND EQUIPMENT		
	<a href="#">See previous sheet</a>		
	page 1		

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

page 2

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>2.3 Property, Plant and Equipment which is in the process of being constructed or developed:</b>		
Infrastructure Assets	34,320,969	6,498,142
Roads	4,058,146	3,417,420
Electricity	6,153,239	1,780,627
Water Supply	19,000,184	-
Sanitation	4,604,400	781,095
Solid Waste	505,000	519,000
Community Assets	38,522	38,522
<b>Total Property, Plant and Equipment under construction</b>	<b>34,359,491</b>	<b>6,536,664</b>
<b>2.4 Property, Plant and Equipment where construction or development has been halted:</b>		
Infrastructure Assets	5,543,892	1,173,111
Roads	282,532	282,532
Electricity	151,960	151,960
Sanitation	4,604,400	233,619
Solid Waste	505,000	505,000
Community Assets	38,522	-
<b>Total</b>	<b>5,582,414</b>	<b>1,173,111</b>
The municipality has started a process to investigate the projects for any possible misconduct, and non-compliance with health safety and environmental regulations.		
<b>2.5 Expenditure incurred to repair and maintain Property, Plant and Equipment:</b>		
Contracted Services	1,907,171	778,245
<b>Total Repairs and Maintenance</b>	<b>1,907,171</b>	<b>778,245</b>
<b>2.6 Assets pledged as security:</b>		
Leased Property, Plant and Equipment of R2 143 753 (2017: R3 419 065) is secured for leases as set out in Note 3.		
<b>2.7 Contractual commitments for acquisition of Property, Plant and Equipment:</b>		
Approved and contracted for:	6,290,813	1,355,444
Infrastructure	6,290,813	1,355,444
Community	-	-
Other	-	-
<b>Total</b>	<b>6,290,813</b>	<b>1,355,444</b>
This expenditure will be financed from:		
External Loans	-	-
Capital Replacement Reserve	-	-
Government Grants	6,290,813	1,355,444
Own Resources	-	-
District Council Grants	-	-
<b>Total</b>	<b>6,290,813</b>	<b>1,355,444</b>
<b>3. INVESTMENT PROPERTY</b>		
<b>3.1 Net Carrying amount at 1 July</b>	<b>37,841,867</b>	<b>37,928,322</b>
Cost	38,623,962	38,428,062
Correction of Error - Note 43.2	-	195,900
Accumulated Depreciation	(778,097)	(691,642)
Accumulated Impairment Loss	(3,999)	(3,999)
Depreciation for the year	(90,778)	(86,455)
<b>Net Carrying amount at 30 June</b>	<b>37,751,089</b>	<b>37,841,867</b>
Cost	38,623,962	38,623,962
Accumulated Depreciation	(868,874)	(778,097)
Accumulated Impairment Loss	(3,999)	(3,999)
<b>3.2 Revenue from Investment Property</b>		
Revenue derived from the rental of Investment Property	224,869	190,314

There are no Investment Property which is in the process of being constructed or developed.

There are no Investment Property that are taking a significantly longer period of time to complete than expected.

There are no Investment Property where construction or development has been halted.

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

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

	2018 R	2017 R
<b>4. INTANGIBLE ASSETS</b>		
<b>4.1 Net Carrying amount at 1 July</b>	<b>256,520</b>	<b>241,813</b>
Cost	769,227	673,164
Accumulated Amortisation	(512,707)	(431,351)
Accumulated Impairment Loss	-	-
Additions	-	102,116
Amortisation	(91,801)	(86,156)
Disposals	-	(6,053)
Amortisation written back on disposal	-	4,800
<b>Net Carrying amount at 30 June</b>	<b>164,719</b>	<b>256,520</b>
Cost	769,227	769,227
Accumulated Amortisation	(604,508)	(512,707)

There are no Intangible Assets which is in the process of being constructed or developed.

There are no Intangible Assets that is taking a significantly longer period of time to complete than expected.

There are no Intangible Assets where construction or development has been halted.

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There age no intangible assets pledged as security for liabilities.

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

**5. OPERATING LEASE ARRANGEMENTS**

**5.1 The Municipality as Lessor**

Operating Lease Asset	-	<b>1,146</b>
<u>Disclosed as follows:</u>		
Non-Current Operating Lease Asset	-	-
Current Operating Lease Asset	-	1,146
	-	<b>1,146</b>

**Reconciliation**

Balance at the beginning of the year	1,146	5,009
Movement during the year	(1,146)	(3,863)
Balance at the end of the year	-	<b>1,146</b>

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year	-	50,072
1 to 5 Years	-	250,790
More than 5 Years	-	312,250
<b>Total Operating Lease Arrangements</b>	<b>-</b>	<b>613,112</b>

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.

**6. INVENTORY**

Housing Stock	1	1
Materials and Supplies	546,839	314,014
Water	11,640	8,575
Work-in-progress	-	-
<b>Total Inventory</b>	<b>558,480</b>	<b>322,589</b>

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

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>6.1 Inventories recognise as an expense during the year:</b>		
Materials and Supplies	523,058	598,723
Water	1,083,454	962,420
<b>Total</b>	<b>1,606,512</b>	<b>1,561,143</b>
<b>6.2 Inventories written down due to losses as identified during the annual stores counts:</b>		
Materials and Supplies	12,815	79,195
<b>Total</b>	<b>12,815</b>	<b>79,195</b>
No inventories were pledged as security for liabilities.		
<b>7. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Electricity	4,208,089	3,567,256
Water	19,490,268	17,200,695
Property Rentals	2,372,445	2,106,663
Waste Management	11,509,613	10,659,720
Waste Water Management	10,345,980	9,495,864
Abeyance	2,644,276	3,679,918
Other Arrears	3,187,078	2,628,281
Correction of Error - Note 43.3	-	(34,714)
<b>Total: Receivables from exchange transactions (before provision)</b>	<b>53,757,750</b>	<b>49,303,683</b>
<b>Less:</b> Provision for Debt Impairment	(50,358,578)	(47,331,738)
<b>Total: Receivables from exchange transactions (after provision)</b>	<b>3,399,172</b>	<b>1,971,946</b>
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 consumer debtors are not performed in terms of GRAP 104 on initial recognition.		
The fair value of receivables approximate their carrying value.		
<b><u>(Electricity): Ageing</u></b>		
Current (0 - 30 days)	666,520	972,817
31 - 60 Days	296,203	73,756
61 - 90 Days	86,170	66,218
+ 90 Days	3,159,195	2,454,466
<b>Total</b>	<b>4,208,089</b>	<b>3,567,256</b>
<b><u>(Water): Ageing</u></b>		
Current (0 - 30 days)	486,551	838,288
31 - 60 Days	301,407	214,419
61 - 90 Days	278,832	200,345
+ 90 Days	18,423,478	15,947,642
<b>Total</b>	<b>19,490,268</b>	<b>17,200,695</b>
<b><u>(Property Rentals): Ageing</u></b>		
Current (0 - 30 days)	(36,888)	61,683
31 - 60 Days	59,118	21,023
61 - 90 Days	22,369	21,023
+ 90 Days	2,327,846	2,002,933
<b>Total</b>	<b>2,372,445</b>	<b>2,106,663</b>
<b><u>(Waste Management): Ageing</u></b>		
Current (0 - 30 days)	215,881	525,385
31 - 60 Days	180,125	133,482
61 - 90 Days	156,049	128,321
+ 90 Days	10,957,559	9,872,533
<b>Total</b>	<b>11,509,613</b>	<b>10,659,720</b>
<b><u>(Waste Water Management): Ageing</u></b>		
Current (0 - 30 days)	226,719	528,688
31 - 60 Days	172,021	119,366
61 - 90 Days	147,176	112,913
+ 90 Days	9,800,064	8,734,897
<b>Total</b>	<b>10,345,980</b>	<b>9,495,864</b>



RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b><u>(Abeyance): Ageing</u></b>		
Current (0 - 30 days)	587,826	1,042,676
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	2,056,450	2,637,241
<b>Total</b>	<b>2,644,276</b>	<b>3,679,918</b>
<b><u>(Other): Ageing</u></b>		
Current (0 - 30 days)	26,168	(352,162)
31 - 60 Days	42,037	23,548
61 - 90 Days	28,631	60,856
+ 90 Days	3,090,242	2,896,039
<b>Total</b>	<b>3,187,078</b>	<b>2,628,281</b>
<b><u>(Total): Ageing</u></b>		
Current (0 - 30 days)	2,172,777	3,617,376
31 - 60 Days	1,050,911	585,595
61 - 90 Days	719,227	589,676
+ 90 Days	49,814,835	44,545,750
<b>Total</b>	<b>53,757,750</b>	<b>49,338,397</b>

**Summary of Debtors by Customer Classification**

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
<b>30 June 2018</b>					
Current (0 - 30 days)	998,752	795,535	316,011	62,479	2,172,777
31 - 60 Days	29,013	718,836	272,873	30,189	1,050,911
61 - 90 Days	26,898	625,046	53,393	13,890	719,227
+ 90 Days	2,407,028	44,126,465	1,992,236	1,289,106	49,814,835
Sub-total	3,461,691	46,265,882	2,634,513	1,395,664	53,757,750
<b>Less:</b> Provision for Debt Impairment					(50,358,578)
<b>Total debtors by customer classification</b>					<b>3,399,172</b>

**Summary of Debtors by Customer Classification**

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
<b>30 June 2017</b>					
Current (0 - 30 days)	1,220,648	1,808,948	472,104	115,675	3,617,375
31 - 60 Days	26,223	500,035	33,719	25,617	585,595
61 - 90 Days	22,292	515,638	33,052	18,694	589,676
+ 90 Days	3,331,773	38,586,149	1,568,749	1,024,366	44,511,037
Sub-total	4,600,936.61	41,410,770.39	2,107,625	1,184,351	49,303,683
<b>Less:</b> Provision for Debt Impairment					(47,331,738)
<b>Total debtors by customer classification</b>					<b>1,971,946</b>

**Reconciliation of Provision for Debt Impairment**

Balance at beginning of year	47,331,738	41,979,468
Contribution to provision	2,632,035	4,694,974
VAT on provision	394,805	657,296
Reversal of provision	-	-
<b>Balance at end of year</b>	<b>50,358,578</b>	<b>47,331,738</b>

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
The total amount of this provision is R50 358 578 and consist of:		
Electricity	3,254,022	3,423,557
Water	18,557,357	16,507,804
Housing	-	2,152
Refuse	11,051,377	10,230,318
Sewerage	9,869,437	9,113,344
Commonage and Old Service	7,626,384	8,054,562
<b>Total Provision for Debt Impairment on Receivables from exchange transactions</b>	<b>50,358,578</b>	<b>47,331,738</b>

**Ageing of amounts past due but not impaired:**

1 month past due	1,050,911	-
2+ months past due	175,484	-
	<b>1,226,395</b>	<b>-</b>

**8. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Taxes - Rates	12,010,458	11,103,584
Payments in Advance	500,000	500,000
Kai-Kai Development	25,294,065	23,929,124
Other Receivables	580	580
	37,805,103	35,533,288
<b>Less:</b> Provision for Debt Impairment	(36,269,225)	(34,645,790)
<b>Total Receivables from non-exchange transactions</b>	<b>1,535,877</b>	<b>887,498</b>

The fair value of other receivables approximate their carrying value.

Rates 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 rates debtors are not performed in terms of GRAP 104 on initial recognition.

**(Rates): Ageing**

Current (0 - 30 days)	48,601	262,178
31 - 60 Days	98,409	53,607
61 - 90 Days	76,399	39,543
+ 90 Days	11,787,050	10,748,256
<b>Total</b>	<b>12,010,458</b>	<b>11,103,584</b>

**Summary of Debtors (Rates) by Customer Classification**

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
<b>30 June 2018</b>					
Current (0 - 30 days)	(9,412)	58,108	168	(264)	48,601
31 - 60 Days	-	87,710	10,698	-	98,409
61 - 90 Days	-	65,711	10,688	-	76,399
+ 90 Days	4,437,843	6,952,897	326,675	69,635	11,787,050
Sub-total	4,428,431	7,164,427	348,229	69,371	12,010,458
<b>Less:</b> Provision for Debt Impairment					(10,975,162)
<b>Total debtors by customer classification</b>					<b>1,035,296</b>

**Summary of Debtors (Rates) by Customer Classification**

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
<b>30 June 2017</b>				
Current (0 - 30 days)	742,516	40,222	-	782,737
31 - 60 Days	46,113	7,494	-	53,607
61 - 90 Days	36,386	3,157	-	39,543
+ 90 Days	9,895,454	262,921	69,321	10,227,697
Sub-total	10,720,469	313,794	69,321	11,103,584
<b>Less:</b> Provision for Debt Impairment				(10,716,667)
<b>Total debtors by customer classification</b>				<b>386,916</b>

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b><u>Reconciliation of Provision for Debt Impairment</u></b>		
Balance at beginning of year	34,645,790	32,522,911
Contribution to provision	1,623,435	2,122,879
Reversal of provision	-	-
Balance at end of year	<b>36,269,225</b>	<b>34,645,790</b>
The total amount of this provision is R36 269 225 and consist of:		
Taxes	10,975,162	10,716,667
Kai-Kai Development	25,294,064	23,929,123
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	<b>36,269,225</b>	<b>34,645,790</b>
<b><u>Ageing of amounts past due but not impaired:</u></b>		
1 month past due	98,409	53,607
2+ months past due	888,287	71,131
	<b>986,695</b>	<b>124,738</b>
<b>9. BANK ACCOUNTS</b>		
<b>9.1 <u>Cash and Cash Equivalents</u></b>		
Current Accounts	289,405	537,432
Call Deposits and Investments	3,030,163	74,355
Cash On-hand	380	380
<b>Total Cash and Cash Equivalents - Assets</b>	<b>3,319,949</b>	<b>612,167</b>
Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
The municipality has the following bank accounts:		
<b><u>Current Accounts</u></b>		
First National Bank - Account Number 534 7183 1653 (Primary Bank Account):	289,405	537,432
	<b>289,405</b>	<b>537,432</b>
<b><u>Call Deposits and Investments</u></b>		
First National Bank - Account Number 620 6266 9521 (Equitable Share Account):	1,500	1,000
First National Bank - Account Number 620 6973 7173 (Leave Gratuity Account):	1,000	40,065
First National Bank - Account Number 620 7204 0555 (FMG Account):	1,000	1,000
First National Bank - Account Number 620 9751 5880 (Consumer Deposits Account):	2,846	2,826
First National Bank - Account Number 620 9751 7571 (CRR Account):	63,608	739
First National Bank - Account Number 621 1760 8581 (Dev. Housing Account):	10,105	10,032
First National Bank - Account Number 743 3049 9861 (EFT/DBSA Account):	7,530	7,530
First National Bank - Account Number 621 3757 8433 (Projects Account):	1,000	8,009
First National Bank - Account Number 621 3757 7782 (Grants and Subsidies Account):	1	(0)
First National Bank - Account Number 622 3714 1099 (Library Account):	2,160	1,155
First National Bank - Account Number 622 7711 8313 (MIG Account):	2,938,414	1,000
First National Bank - Account Number 624 2665 8508 (EPWP):	1,000	1,000
	<b>3,030,163</b>	<b>74,355</b>
Details of current accounts is as follow:		
<b>First National Bank - Account Number 534 7183 1653 (Primary Bank Account):</b>		
Cash book balance at beginning of year	537,432	358,998
Cash book balance at end of year	289,405	537,432
Bank statement balance at beginning of year	456,116	286,028
Bank statement balance at end of year	261,597	456,116
Details of call investment accounts are as follows:		
<b>First National Bank - Account Number 620 6266 9521 (Equitable Share Account):</b>		
Cash book balance at beginning of year	1,000	2,828
Cash book balance at end of year	1,500	1,000
Bank statement balance at beginning of year	1,000	2,828
Bank statement balance at end of year	1,500	1,000

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>First National Bank - Account Number 620 6973 7173 (Leave Gratuity Account):</b>		
Cash book balance at beginning of year	40,065	276,396
Cash book balance at end of year	1,000	40,065
Bank statement balance at beginning of year	40,065	276,396
Bank statement balance at end of year	1,000	40,065
<b>First National Bank - Account Number 620 7204 0555 (FMG Account):</b>		
Cash book balance at beginning of year	1,000	334,599
Cash book balance at end of year	1,000	1,000
Bank statement balance at beginning of year	1,000	334,599
Bank statement balance at end of year	1,000	1,000
<b>First National Bank - Account Number 620 9751 5880 (Consumer Deposits Account):</b>		
Cash book balance at beginning of year	2,826	160,411
Cash book balance at end of year	2,846	2,826
Bank statement balance at beginning of year	2,826	160,411
Bank statement balance at end of year	2,846	2,826
<b>First National Bank - Account Number 620 9751 7571 (CRR Account):</b>		
Cash book balance at beginning of year	739	324,254
Cash book balance at end of year	63,608	739
Bank statement balance at beginning of year	739	324,254
Bank statement balance at end of year	63,608	739
<b>First National Bank - Account Number 621 1760 8581 (Dev. Housing Account):</b>		
Cash book balance at beginning of year	10,032	187,316
Cash book balance at end of year	10,105	10,032
Bank statement balance at beginning of year	10,032	187,316
Bank statement balance at end of year	10,105	10,032
<b>First National Bank - Account Number 743 3049 9861 (EFT/DBSA Account):</b>		
Cash book balance at beginning of year	7,530	7,530
Cash book balance at end of year	7,530	7,530
Bank statement balance at beginning of year	7,530	7,530
Bank statement balance at end of year	7,530	7,530
<b>First National Bank - Account Number 621 3757 8433 (Projects Account):</b>		
Cash book balance at beginning of year	8,009	14,302
Cash book balance at end of year	1,000	8,009
Bank statement balance at beginning of year	8,009	14,302
Bank statement balance at end of year	1,000	8,009
<b>First National Bank - Account Number 621 3757 7782 (Grants and Subsidies Account):</b>		
Cash book balance at beginning of year	(0)	347,145
Cash book balance at end of year	1	(0)
Bank statement balance at beginning of year	-	347,145
Bank statement balance at end of year	-	-
<b>First National Bank - Account Number 622 3714 1099 (Library Account):</b>		
Cash book balance at beginning of year	1,155	279,215
Cash book balance at end of year	2,160	1,155
Bank statement balance at beginning of year	1,155	279,215
Bank statement balance at end of year	2,160	1,155
<b>First National Bank - Account Number 622 7711 8313 (MIG Account):</b>		
Cash book balance at beginning of year	1,000	-
Cash book balance at end of year	2,938,414	1,000
Bank statement balance at beginning of year	1,000	-
Bank statement balance at end of year	2,938,414	1,000

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>First National Bank - Account Number 624 2665 8508 (EPWP):</b>		
Cash book balance at beginning of year	1,000	1,872
Cash book balance at end of year	1,000	1,000
Bank statement balance at beginning of year	1,000	1,872
Bank statement balance at end of year	1,000	1,000
<b>10. LONG-TERM BORROWINGS</b>		
Capitalised Lease Liability - At amortised cost	2,102,237	3,549,736
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>(1,554,830)</b>	<b>(1,447,499)</b>
Capitalised Lease Liability - At amortised cost	(1,554,830)	(1,447,499)
<b>Total Long-term Borrowings</b>	<b>547,407</b>	<b>2,102,237</b>

10.1 The obligations under finance leases are scheduled below:

	Minimum payments	
Amounts payable under finance leases:		
Payable within one year	1,699,878	1,751,875
Payable within two to five years	585,267	2,258,562
Payable after five years	-	-
	2,285,145	4,010,437
<b>Less:</b> Future finance obligations	<b>(182,908)</b>	<b>(460,701)</b>
<b>Present value of finance lease obligations</b>	<b>2,102,237</b>	<b>3,549,736</b>

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Bidvest	Vehicles	8% - 14%	0%	3 Years	01/07/2019

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 2.

	2018 R	2017 R
<b>11. NON-CURRENT PROVISIONS</b>		
Provision for Rehabilitation of Landfill-sites	27,396,696	16,779,072
<b>Total Non-current Provisions</b>	<b>27,396,696</b>	<b>16,779,072</b>
<b>11.1 Landfill Sites</b>		
Balance 1 July	16,779,072	15,096,449
Contribution for the year	1,335,463	864,641
Change in Provision for Rehabilitation Cost	11,276,873	817,982
<b>Total provision 30 June</b>	<b>29,391,408</b>	<b>16,779,072</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions	<b>(1,994,712)</b>	<b>-</b>
<b>Balance 30 June</b>	<b>27,396,696</b>	<b>16,779,072</b>

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Port Nolloth	Eksteensfontein	Lekkersing 1	Lekkersing 2	Kuboes 1	Kuboes 2	Sanddrift
Area (m <sup>2</sup> )	151,200	19,200	8,000	10,450	10,500	8,100	18,000
Rehabilitation volume (m <sup>3</sup> )	9,800	276	425	1,780	1,155	795	4,005
Fence (m)	350	250	360	100	670	-	600
Cost of fence (Rand)	250,250	178,750	257,400	71,500	479,050	-	429,000
Site Clearance (R40/m <sup>3</sup> )	754,600	21,252	32,725	137,060	88,935	61,215	308,385
Excavation cost (R40/m <sup>3</sup> )	2,455,500	121,080	114,150	499,920	315,863	162,000	1,615,980
Filling (R20/m <sup>2</sup> )	9,979,200	1,267,200	528,000	689,700	693,000	534,600	1,188,000
Preliminary and general (Rand)	2,015,933	238,242	139,841	209,727	236,527	113,672	531,205
Fees and expenses (Rand)	1,545,548	182,652	107,212	160,791	181,337	87,149	407,257

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. The estimate cost and date of decommission of the sites are as follows:

Location	Estimated decommission date	2018 R	2017 R
Port Nolloth	2033	34,151,328	20,341,758
Eksteensfontein	2038	5,092,464	3,910,855
Lekkersing 1	2033	2,369,010	2,332,611
Lekkersing 2	2023	2,231,676	1,591,573
Kuboes 1	2018	1,994,712	1,503,755
Kuboes 2	2038	2,429,761	2,405,373
Sanddrift	2028	7,132,078	4,755,324
		<b>55,401,029</b>	<b>36,841,250</b>

12. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	1,737,026	1,781,250
Provision for Long Service Awards	1,148,810	986,153
<b>Total Non-current Employee Benefits</b>	<b>2,885,836</b>	<b>2,767,403</b>

Post Retirement Health Care Benefits

Balance 1 July	1,964,289	1,770,943
Contribution for the year	164,714	144,177
Expenditure for the year	(183,390)	(193,992)
Actuarial Loss/(Gain)	(17,164)	243,161

**Total provision 30 June**

**1,928,449**      **1,964,289**

**Less:** Transfer of Current Portion to Current Provisions - Note 14

(191,423)      (183,039)

**Balance 30 June**

**1,737,026**      **1,781,250**

Long Service Awards

Balance 1 July	1,061,146	1,161,209
Contribution for the year	203,854	206,863
Expenditure for the year	(65,413)	(85,715)
Actuarial Loss/(Gain)	25,982	(221,211)

**Total provision 30 June**

**1,225,569**      **1,061,146**

**Less:** Transfer of Current Portion to Current Provisions - Note 14

(76,759)      (74,993)

**Balance 30 June**

**1,148,810**      **986,153**

12.1 Provision for Post Retirement Health Care Benefits

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

In-service (employee) members	-	-
Continuation members (e.g. Retirees, widows, orphans)	4	4
<b>Total Members</b>	<b>4</b>	<b>4</b>

**2018**      **2017**  
**R**      **R**

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

Continuation members	1,928,450	1,964,290
<b>Total Liability</b>	<b>1,928,450</b>	<b>1,964,290</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2016 R	2015 R	2014 R
In-service members	-	-	768,995
Continuation members	1,770,943	1,746,642	1,731,631
<b>Total Liability</b>	<b>1,770,943</b>	<b>1,746,642</b>	<b>2,500,626</b>

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

LA Health

The Current-service Cost for the ensuing year is estimated to be R0, whereas the Interest Cost for the next year is estimated to be R164 581.

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Key actuarial assumptions used:	2018 %	2017 %
<b>i) Rate of interest</b>		
Discount rate	8.97%	8.79%
Health Care Cost Inflation Rate	7.02%	7.10%
Net Effective Discount Rate	1.82%	1.57%
<b>ii) Mortality rates</b>		
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
<b>iii) Normal retirement age</b>		
The normal retirement age for employees of the municipality is 65 years (males) and 60 years (females).		
<b>iv) Expected rate of salary increases</b>		
2018/2019 - 7% + additional 0,5% for employees who earn a basic salary of R9 000 or less.		
The three-year Salary and Wage Collective Agreement ends on 30 June 2021.		

	2018 R	2017 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	1,928,449	1,964,289
Fair value of plan assets	-	-
	<u>1,928,449</u>	<u>1,964,289</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
<b>Net liability/(asset)</b>	<b><u>1,928,449</u></b>	<b><u>1,964,289</u></b>

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	1,964,289	1,770,943
Total expenses	(18,676)	(49,815)
Current service cost	-	-
Interest Cost	164,714	144,177
Benefits Paid	(183,390)	(193,992)
Actuarial (gains)/losses	(17,164)	243,161
Present value of fund obligation at the end of the year	<u>1,928,449</u>	<u>1,964,289</u>

**Reconciliation of fair value of plan assets:**

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

**Sensitivity Analysis on the Accrued Liability on 30 June 2018**

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	-	1.928	1.928

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	-	2.083	2.083	8%
Health care inflation	-1%	-	1.791	1.791	-7%
Post-retirement mortality	-1 year	-	2.012	2.012	4%

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	-	164,600	164,600

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	-	178,400	178,400	8%
Health care inflation	-1%	-	152,300	152,300	-7%
Post-retirement mortality	-1 year	-	172,100	172,100	5%

	2018 Rm	2017 Rm
Experience adjustments were calculated as follows:	(0.017)	0.243
Liabilities: (Gain) / loss	-	-
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2016 Rm	2015 Rm	2014 Rm
Liabilities: (Gain) / loss	0.057	0.834	0.019
Assets: Gain / (loss)	-	-	-
		<b>2018 R</b>	<b>2017 R</b>

12.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 107 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R132 315 whereas the Interest Cost for the next year is estimated to be R100 502.

Key actuarial assumptions used:

i) Rate of interest

	2018 %	2017 %
Discount rate	8.46%	8.42%
General Salary Inflation (long-term)	6.09%	6.24%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.23%	2.05%
	<b>2018 R</b>	<b>2017 R</b>

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	1,225,569	1,061,146
Fair value of plan assets	-	-
	<u>1,225,569</u>	<u>1,061,146</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
<b>Net liability/(asset)</b>	<b><u>1,225,569</u></b>	<b><u>1,061,146</u></b>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1,061,146	1,161,209
Total expenses	138,441	121,148
Current service cost	117,624	115,744
Vested past service cost	-	-
Interest Cost	86,230	91,119
Benefits Paid	(65,413)	(85,715)
Actuarial (gains)/losses	25,982	(221,211)
Present value of fund obligation at the end of the year	<b><u>1,225,569</u></b>	<b><u>1,061,146</u></b>



RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>Reconciliation of fair value of plan assets:</b>		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

**Sensitivity Analysis on the Accrued Liability on 30 June 2018**

Assumption	Change	Liability (Rm)	% change
Central assumptions		1.226	
General salary inflation	1%	1.299	6%
General salary inflation	-1%	1.159	-5%
Average retirement age	-2 yrs	1.080	-12%
Average retirement age	2 yrs	1.344	10%
Withdrawal rates	-50%	1.436	17%

**Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019**

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	132,300	100,500	232,800

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	142,800	106,700	249,500	7%
Health care inflation	-1%	122,900	94,900	217,800	-6%
Discount rate	1%	123,900	105,900	229,800	-1%
Discount rate	-1%	141,900	94,300	236,200	1%
Post-retirement mortality	-2 year	116,500	88,200	204,700	-12%
Average retirement age	2 year	142,900	110,500	253,400	9%
Withdrawal Rate	-50%	171,200	118,300	289,500	24%

	2018 Rm	2017 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	0.040	(0.166)
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2016 Rm	2015 Rm	2014 Rm
Liabilities: (Gain) / loss	0.047	(0.079)	0.044
Assets: Gain / (loss)	-	-	-
	2018 R	2017 R	

**12.3 Retirement funds**

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.

Therefore, although the Cape Joint 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.

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b><u>CAPE JOINT RETIREMENT FUND</u></b>		
The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100,5% (30 June 2015 - 100,4%).		
Contributions paid recognised in the Statement of Financial Performance	1,013,026	857,457
<b><u>DEFINED CONTRIBUTION FUNDS</u></b>		
Council contribute to the SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.		
Contributions paid recognised in the Statement of Financial Performance		
SAMWU National Provident Fund	1,506,131	1,506,103
	<u>1,506,131</u>	<u>1,506,103</u>
<b>13. CONSUMER DEPOSITS</b>		
Electricity	953,079	914,935
Rental Properties	55,239	27,849
Posters	3,534	3,534
Refuse	396,808	369,658
<b>Total Consumer Deposits</b>	<b><u>1,408,660</u></b>	<b><u>1,315,976</u></b>
The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.		
<b>14. CURRENT EMPLOYEE BENEFITS</b>		
Staff Bonuses	628,482	581,929
Staff Leave	1,643,011	1,474,302
Current Portion of Non-Current Provisions	268,182	258,032
Current Portion of Post Retirement Benefits - Note 12	191,423	183,039
Current Portion of Long-Service Provisions - Note 12	76,759	74,993
<b>Total Provisions</b>	<b><u>2,539,674</u></b>	<b><u>2,314,263</u></b>
The movement in current provisions are reconciled as follows:		
<b>14.1 Staff Bonuses</b>		
Balance at beginning of year	581,929	601,130
Contribution for the year	1,382,358	1,298,837
Expenditure incurred	(1,335,806)	(1,318,038)
Balance at end of year	<b><u>628,482</u></b>	<b><u>581,929</u></b>
Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
<b>14.2 Staff Leave</b>		
Balance at beginning of year	1,474,302	1,362,606
Contribution for the year	307,528	380,241
Expenditure incurred	(138,819)	(268,546)
Balance at end of year	<b><u>1,643,011</u></b>	<b><u>1,474,302</u></b>
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		
<b>15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	13,824,800	9,861,864
Advance Payments	874,078	1,801,033
Control, Clearing and Interface Accounts	43,369	27,260
Other Payables	202,231	120,562
Retentions	790,855	1,234,104
Correction of Error - Note 43.4	-	(20,054)
<b>Total Trade Payables</b>	<b><u>15,735,333</u></b>	<b><u>13,024,769</u></b>
Payables are being recognised net of any discounts.		
Payables are being paid within 30 days as prescribed by the MFMA. 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 payables on initial recognition is not deemed necessary.		

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

**16. UNSPENT TRANSFERS AND SUBSIDIES**

Unspent Transfers and Subsidies	2,300,679	57,921
National Government Grants	2,243,758	0
Provincial Government Grants	162	1,162
District Municipality	-	-
Other Sources	56,759	56,759
<b>Less:</b> Unpaid Transfers and Subsidies	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
<b>Total Unspent Transfers and Subsidies</b>	<b>2,300,679</b>	<b>57,921</b>

See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

**17. TAXES**

<b>17.1</b> VAT Payable	1,160,101	(64,929)
VAT Output in Suspense	(3,536,179)	(2,953,714)
<b>Less:</b> Contribution to Provision for Doubtful Debt Impairment	-	-
<b>Total VAT Payable</b>	<b>(2,376,077)</b>	<b>(3,018,643)</b>
<b>17.2</b> VAT Receivable	0	-
VAT Input in Suspense	5,417,401	3,919,419
<b>Total VAT Receivable</b>	<b>5,417,401</b>	<b>3,919,419</b>
Correction of Error - Note 43.5	-	93,550
<b>17.3 Net VAT (Payable)/Receivable</b>	<b>3,041,324</b>	<b>994,326</b>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**18. SHORT-TERM BORROWINGS**

The Municipality has no short term borrowings.

**19. NET ASSET RESERVES**

RESERVES	455,799	455,799
Capital Replacement Reserve	739	739
Housing Development Fund	455,060	455,060
<b>Total Net Asset Reserve and Liabilities</b>	<b>455,799</b>	<b>455,799</b>

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

**19.2**

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

**20. PROPERTY RATES**

**Actual**

Rateable Land and Buildings	9,888,886	8,479,626
<b>Less:</b> Revenue Forgone	(2,295,105)	(2,712,197)
<b>Total Property Rates</b>	<b>7,593,781</b>	<b>5,767,429</b>

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>Valuations - 1 July 2013</b>		
<b>Rateable Land and Buildings</b>	1,016,384,267	925,222,917
Business and Commercial Property	102,251,300	153,393,445
Industrial Property	4,623,200	4,623,200
Mining Properties	62,816,000	62,816,000
Residential Properties	637,064,657	585,033,009
State-owned Properties	19,011,900	86,219,763
Agricultural Property	190,617,210	33,137,500
<b>Total Assessment Rates</b>	<b>1,016,384,267</b>	<b>925,222,917</b>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

**Basic Rate**

Residential	1.0546c/R	0.9912c/R
Commercial and Industrial	1.2272c/R	1.3156c/R
Agriculture	0.1626c/R	0.1528c/R

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential -	- The first R25 000 on the valuation is exempted.
Indigents -	- The first R75 000 on the valuation is exempted.
Pensioners -	- 33,3%
Government -	- 20%

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

**21. GOVERNMENT GRANTS AND SUBSIDIES**

Government Grants and Subsidies - Operating	18,411,940	17,944,796
Equitable Share	14,115,000	13,498,000
Expanded Public Works Programme Integrated Grant	1,000,000	483,175
Local Government Financial Management Grant	1,900,000	1,900,845
Municipal Infrastructure Grant	-	(57,742)
Libraries, Archives and Museums	1,112,000	1,439,766
Accelerated Infrastructure Programme	-	47,067
Namakwa District Municipality Grant	-	31
Alexkor	-	8,850
Construction, Education and Training SETA	-	36,525
Other	284,940	588,279
Government Grants and Subsidies - Capital	33,335,242	9,107,387
Integrated National Electrification Programme Grant	6,886,945	1,500,000
Local Government Financial Management Grant	-	34,750
Municipal Infrastructure Grant	250,000	6,897,902
Water Services Infrastructure Grant	6,000,000	-
Expanded Public Works Programme Integrated Grant	-	503,374
Municipal Disaster Grant	20,198,297	-
Libraries, Archives and Museums	-	171,362
<b>Total Government Grants and Subsidies</b>	<b>51,747,182</b>	<b>27,052,183</b>

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
Included in above are the following grants and subsidies received:		
<b>Unconditional</b>	14,115,000	13,498,000
Equitable Share	14,115,000	13,498,000
<b>Conditional</b>	37,632,182	13,554,183
Local Government Financial Management Grant	1,900,000	1,935,595
Expanded Public Works Programme Integrated Grant	1,000,000	986,549
Libraries, Archives and Museums	1,112,000	1,611,128
Construction, Education and Training SETA	-	36,525
Integrated National Electrification Programme Grant	6,886,945	1,500,000
Municipal Infrastructure Grant	534,940	6,840,160
Municipal Disaster Grant	20,198,297	-
Water Services Infrastructure Grant	6,000,000	-
Namakwa District Municipality Grant	-	31
Alexkor	-	8,850
Accelerated Infrastructure Programme	-	47,067
Other	-	588,279
<b>Total Government Grants and Subsidies</b>	<b>51,747,182</b>	<b>27,052,183</b>

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

Equitable share	14,115,000	13,498,000
Executive and council	-	633,653
Finance and Administration	2,900,000	2,922,143
Community and Social Services	1,112,000	1,611,128
Road Transport	284,940	6,216,037
Energy Sources	6,886,945	1,500,032
Water Management	6,000,000	47,067
Waste Water Management	20,448,297	624,123
Waste Management	-	-
<b>Total Government Grants and Subsidies</b>	<b>51,747,182</b>	<b>27,052,183</b>

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

**21.1 Equitable Share**

Opening balance	-	-
Correction of Error	-	-
Grants received	14,115,000	13,498,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(14,115,000)	(13,498,000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

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

**21.2 Local Government Financial Management Grant (FMG)**

Opening balance	-	110,595
Correction of Error	-	-
Grants received	1,900,000	1,825,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1,900,000)	(1,900,845)
Conditions met - Capital	-	(34,750)
Conditions still to be met	-	(0)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>21.3 <u>Municipal Systems Improvement Grant (MSIG)</u></b>		
Opening balance	-	193,711
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	(193,711)
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
<b>21.4 <u>Municipal Infrastructure Grant (MIG)</u></b>		
Opening balance	-	(160,840)
Correction of Error	-	-
Grants received	7,382,000	7,001,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	57,742
Conditions met - Capital	(5,251,297)	(6,897,902)
Conditions still to be met	2,130,703	-
The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.		
<b>21.5 <u>Integrated National Electrification Grant</u></b>		
Opening balance	-	627,078
Correction of Error	-	-
Grants received	7,000,000	1,500,000
Interest received	-	-
Repaid to National Revenue Fund	-	(627,078)
Conditions met - Operating	-	-
Conditions met - Capital	(6,886,945)	(1,500,000)
Conditions still to be met	113,055	-
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
<b>21.6 <u>Municipal Disaster Grant</u></b>		
Opening balance	-	-
Correction of Error	-	-
Grants received	15,197,000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(15,197,000)	-
Conditions still to be met	-	-
The Housing grant was utilised for the development of erven and the erection of top structures.		
<b>21.7 <u>Library Grant</u></b>		
Opening balance	1,162	48,290
Correction of Error	-	-
Grants received	1,111,000	1,564,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1,112,000)	(1,439,766)
Conditions met - Capital	-	(171,362)
Conditions still to be met	162	1,162
The grant was used to finance library activities.		
<b>21.8 <u>Expanded Public Works Programme</u></b>		
Opening balance	-	(13,451)
Correction of Error	-	-
Grants received	1,000,000	1,000,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1,000,000)	(483,175)
Conditions met - Capital	-	(503,374)
Conditions still to be met	-	-
The grant was used for job creation.		

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>21.9 <u>Accelerated Infrastructure Programme</u></b>		
Opening balance	-	47,067
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(47,067)
Conditions met - Capital	-	-
Conditions still to be met	-	-
The grant was used to facilitate cultural groups.		
<b>21.10 <u>Water Services Infrastructure Grant</u></b>		
Opening balance	-	-
Correction of Error	-	-
Grants received	6,000,000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(6,000,000)	-
Conditions still to be met	-	-
The grant was used to construct water infrastructure.		
<b>21.11 <u>LG SETA</u></b>		
Opening balance	-	-
Correction of Error	-	-
Grants received	-	36,525
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(36,525)
Conditions met - Capital	-	-
Conditions still to be met	-	-
The grant was used for attending of trainings accredited by LGSETA		
<b>21.12 <u>ALEXKOR</u></b>		
Opening balance	56,759	65,609
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(8,850)
Conditions met - Capital	-	-
Conditions still to be met	56,759	56,759
The grant was used for various projects.		
<b>21.13 <u>Namakwa District Municipality Grant</u></b>		
Opening balance	-	31
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(31)
Conditions met - Capital	-	-
Conditions still to be met	-	-
The grant was used for various projects identified by Namakwa District Municipality.		

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>21.14 Other (In-Kind Coghta)</b>		
Opening balance	-	-
Correction of Error	-	-
Grants received	-	588,279
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(588,279)
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<u>-</u>	<u>-</u>
<p>The department of Corporate Governance, Human Settlements and Traditional Affairs has second mr. Maposa to act as Municipal Manager at Richtersveld Municipality. This service in-kind has been recognised as revenue in terms of GRAP 23.</p>		
<b>21.15 Total Grants</b>		
Opening balance	57,921	918,091
Correction of Error	-	-
Grants received	53,705,000	27,012,803
Interest received	-	-
Repaid to National Revenue Fund	-	(820,789)
Conditions met - Operating	(18,127,000)	(17,944,796)
Conditions met - Capital	(33,335,242)	(9,107,387)
Conditions still to be met/(Grant expenditure to be recovered)	2,300,679	57,921
	<u>2,300,679</u>	<u>57,921</u>
<p>Disclosed as follows:</p>		
Unspent Conditional Government Grants and Receipts	2,300,679	57,921
Unpaid Conditional Government Grants and Receipts	-	-
<b>Total</b>	<u><b>2,300,679</b></u>	<u><b>57,921</b></u>
<b>22. PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
Donations	942,700	1,520,991
<b>Total Public Contributions and Donations</b>	<u><b>942,700</b></u>	<u><b>1,520,991</b></u>
<b>23. LICENCES AND PERMITS</b>		
Trading	628	642
Road and Transport	6,018	91,404
<b>Total Licences and Permits</b>	<u><b>6,646</b></u>	<u><b>92,046</b></u>
<p>Disclosed as follows:</p>		
Revenue from Non-Exchange Transactions	-	-
Revenue from Exchange Transactions	6,646	92,046
<b>Total Licences and Permits</b>	<u><b>6,646</b></u>	<u><b>92,046</b></u>
<b>24. SERVICE CHARGES</b>		
<b>Electricity</b>	<b>11,034,657</b>	<b>9,833,878</b>
Service Charges	11,360,744	10,362,328
<b>Less:</b> Revenue Forgone	(326,087)	(528,449)
<b>Water</b>	<b>5,656,571</b>	<b>4,517,665</b>
Service Charges	6,476,720	5,046,114
<b>Less:</b> Revenue Forgone	(820,149)	(528,449)
<b>Waste Management</b>	<b>3,516,979</b>	<b>3,058,462</b>
Service Charges	4,661,622	3,586,911
<b>Less:</b> Revenue Forgone	(1,144,643)	(528,449)
<b>Waste Water Management</b>	<b>4,271,265</b>	<b>3,922,423</b>
Service Charges	5,434,811	4,450,872
<b>Less:</b> Revenue Forgone	(1,163,546)	(528,449)
Correction of Error - Note 43.7	-	(34,714)
<b>Total Service Charges</b>	<u><b>24,479,471</b></u>	<u><b>21,297,715</b></u>

Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.



RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>25. SALES OF GOODS AND RENDERING OF SERVICES</b>		
Advertisements	18,360	13,376
Building Plan Approval	112,942	211,701
Camping Fees	1,640,869	1,509,046
Cemetery and Burial	6,043	10,418
Cleaning and Removal	-	140
Entrance Fees	6,379	115,085
Management Fees	38,700	33,789
Photocopies and Faxes	5,698	-
Sale of Goods	54,112	3,763
Scrap, Waste & Other Goods	103,852	-
Stone and Gravel	-	701
Streets/Street Markets (Informal Traders)	81,649	-
<b>Total Sales of Goods and Rendering of Services</b>	<b>2,068,604</b>	<b>1,898,019</b>
<b>26. RENT ON LAND</b>		
Land	306,994	439,998
Grazing Fees	306,994	439,998
Prospecting, Mining and Royalties	7,096	-
Royalties	7,096	-
Servitudes	7,096	-
<b>Total Rent on Land</b>	<b>321,186</b>	<b>439,998</b>
<b>27. RENTAL FROM FIXED ASSETS</b>		
Investment Property	200	214,626
Property, Plant and Equipment	268,160	25,547
<b>Total Rental from Fixed Assets</b>	<b>268,360</b>	<b>240,173</b>
<b>28. INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	441,939	186,692
<b>Total Interest Earned - External Investments</b>	<b>441,939</b>	<b>186,692</b>
<b>29. INTEREST EARNED - EXCHANGE TRANSACTIONS</b>		
Trade Receivables	2,026,834	2,715,278
<b>Total Interest Earned - Outstanding Receivables</b>	<b>2,026,834</b>	<b>2,715,278</b>
<b>30. OPERATIONAL REVENUE</b>		
Administrative Handling Fees	-	6,441
Breakages and Losses Recovered	-	303
Commission	16,321	15,805
Incidental Cash Surpluses	2,950	-
Insurance Refund	-	221,902
Request for Information	55,016	65,219
Staff Recoveries	113	-
<b>Total Operational Revenue</b>	<b>74,400</b>	<b>309,670</b>
<b>31. EMPLOYEE RELATED COSTS</b>		
Basic Salaries and Wages	18,160,552	18,128,662
Pension and UIF Contributions	2,691,241	2,370,000
Medical Aid Contributions	615,559	505,669
Overtime	746,810	938,062
Bonuses	1,382,358	1,298,837
Motor Vehicle Allowance	370,337	333,031
Cell Phone Allowance	46,655	-
Housing Allowances	751,495	89,594
Other benefits and allowances	246,386	204,314
Payments in lieu of leave	307,528	380,241
Long Service Awards - Note 12.2	117,624	115,744
Correction of Error - Note 43.7	-	3,465
	25,436,546	24,367,619
<b>Less:</b> Employee Costs allocated elsewhere	-	-
Cost Capitalised to PPE	-	-
Cost allocated to Inventory	-	-
<b>Total Employee Related Costs</b>	<b>25,436,546</b>	<b>24,367,619</b>

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

	2018 R	2017 R
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<b>Remuneration of the Municipal Manager - D Maposa (acting)</b>		
Basic Salaries and Wages	162,284	373,928
Contributions to UIF, Medical and Pension Funds	-	1,502
Cell Phone Allowance	2,500	-
Other benefits and allowances	-	4,762
Services In-kind	284,940	588,279
<b>Total</b>	<b>449,724</b>	<b>968,471</b>
<b>Remuneration of the Chief Financial Officer - ME Basson</b>		
Basic Salaries and Wages	483,677	426,618
Contributions to UIF, Medical and Pension Funds	1,884	1,906
Annual Bonus	46,674	33,024
Motor Vehicle Allowance	72,000	-
Cell Phone Allowance	18,000	-
Other benefits and allowances	173,810	229,299
<b>Total</b>	<b>796,045</b>	<b>690,847</b>
<b>Remuneration of Director : Corporate Services - EE Cloete</b>		
Basic Salaries and Wages	366,829	259,109
Contributions to UIF, Medical and Pension Funds	77,880	72,161
Annual Bonus	21,250	21,592
Motor Vehicle Allowance	92,726	-
Cell Phone Allowance	7,864	-
Housing Allowances	42,000	-
Other benefits and allowances	88,650	135,694
<b>Total</b>	<b>697,199</b>	<b>488,556</b>
<b>Remuneration of Director : Infrastructure Manager - JX Komanisi</b>		
Basic Salaries and Wages	430,396	396,292
Contributions to UIF, Medical and Pension Funds	1,884	1,905
Annual Bonus	35,006	33,024
Motor Vehicle Allowance	120,000	-
Cell Phone Allowance	12,000	-
Housing Allowances	25,204	-
Other benefits and allowances	106,606	229,299
<b>Total</b>	<b>731,096</b>	<b>660,520</b>
<b>Remuneration of Director : Strategic Planning Manager - SC Adams</b>		
Basic Salaries and Wages	445,551	282,154
Contributions to UIF, Medical and Pension Funds	128,517	119,851
Motor Vehicle Allowance	47,184	-
Cell Phone Allowance	6,291	-
Housing Allowances	42,000	-
Other benefits and allowances	86,228	91,809
Annual Bonus	25,243	37,229
<b>Total</b>	<b>781,014</b>	<b>531,043</b>
<b>32. REMUNERATION OF COUNCILLORS</b>		
AM Jansen	786,053	712,047
G Beukes	276,646	227,653
WJP Links	276,646	227,653
R Jonker	276,646	227,653
S Isaaks	276,646	209,825
A Bock	276,646	209,825
CJ Stuurman	276,646	209,825
LR Ambrosini	-	23,690
CF Richter	-	23,690
E Hausiku	-	23,690
T Swartbooi	-	23,690
<b>Total Councillors' Remuneration</b>	<b>2,445,929</b>	<b>2,119,241</b>

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	578,142	180,399	27,512	-	786,053
Councillors	1,162,943	331,862	165,072	-	1,659,876
<b>Total Councillors' Remuneration</b>	<b>1,741,085</b>	<b>512,260</b>	<b>192,584</b>	<b>-</b>	<b>2,445,929</b>

***In-kind Benefits***

The Mayor is a full-time Councillor. He is provided with an office and shared secretarial support at the cost of the Municipality.

	2018 R	2017 R
<b>33. CONTRACTED SERVICES</b>		
Outsourced Services	11,800	39,121
Consultants and Professional Services	4,610,165	2,620,417
Contractors	2,464,988	1,514,509
<b>Total Contracted Services</b>	<b>7,086,953</b>	<b>4,174,047</b>
<b>34. DEPRECIATION AND AMORTISATION</b>		
Property, Plant and Equipment	10,685,778	7,005,258
Intangible Assets	91,801	86,156
Investment Property carried at cost	90,778	86,455
Correction of Error - Note 43.7	-	2,278,435
<b>Total Depreciation and Amortisation</b>	<b>10,868,357</b>	<b>9,456,305</b>
<b>35. FINANCE COSTS</b>		
Long-term Borrowings	299,007	449,185
Non-current Provisions	1,335,463	864,641
Non-current Employee Benefits	250,944	235,296
Payables	30,060	109,084
Overdraft Facilities	-	185
<b>Total Finance Costs</b>	<b>1,915,474</b>	<b>1,658,391</b>
<b>36. BULK PURCHASES</b>		
Electricity	12,815,060	11,706,043
<b>Total Bulk Purchases</b>	<b>12,815,060</b>	<b>11,706,043</b>
<b>37. OPERATIONAL COSTS</b>		
Advertising, Publicity and Marketing	153,241	125,350
Assets less than the Capitalisation Threshold	11,218	5,670
Audit Fees	919,661	1,759,825
Bank Charges, Facility and Card Fees	87,073	78,785
Beach Festival	403,154	-
Cleaning Services	-	4,252
Commission	268,091	299,626
Courier and Delivery Services	30,164	32,427
Communication	508,788	511,782
Entertainment	106,592	138,372
External Computer Service	692,784	730,021
Hire Charges	-	77,794
Insurance Underwriting	925,227	959,446
Levies Paid - Water Resource Management Charges	-	2,857
Licences	80,074	132,284
Printing, Publications and Books	168,010	10,141
Professional Bodies, Membership and Subscription	551,043	545,708
Remuneration to Ward Committees	203,000	200,000
Skills Development Fund Levy	238,054	210,731
Transport Provided as Part of Departmental Activities	-	4,500
Travel and Subsistence	843,499	759,549
Uniform and Protective Clothing	24,507	71,242
Wet Fuel	1,135,678	768,026
Incidental Cash Surpluses	-	2,928
Correction of Error - Note 43.7	-	(117,069)
<b>Total Operational Costs</b>	<b>7,349,858</b>	<b>7,314,247</b>

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>38. REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON RECEIVABLES</b>		
Receivables from Exchange Transactions - Note 7	2,632,035	4,694,974
Receivables from Non-exchange Revenue - Note 8	1,623,435	2,122,879
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables</b>	<b>4,255,470</b>	<b>6,817,852</b>
<b>39. GAINS/(LOSS) ON SALE OF FIXED ASSETS</b>		
Property, Plant and Equipment	1,522,602	2,679,120
<b>Total Gains/ (Loss) on Sale of Fixed Assets</b>	<b>1,522,602</b>	<b>2,679,120</b>
<b>40. REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON FIXED ASSETS</b>		
Property, Plant and Equipment	-	403,876
	-	403,876
<b>Less:</b> Allocated against Provision for Rehabilitation of Landfill-Sites - Note 11	-	-
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets</b>	<b>-</b>	<b>403,876</b>
<b>41. WATER LOSSES</b>		
Real Losses	142,076	252,849
<b>Total Water Losses</b>	<b>142,076</b>	<b>252,849</b>
<b>42. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA</b>		

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 naming of items in the financial statements. The reclassification of 2017 audited amounts can be summarised as follows:

	Balance previously reported	Adjustments	Restated Balance
<b>Statement of Financial Position</b>			
Capital Replacement Reserve	739	-	739
Housing Development Fund	455,059	-	455,059
Accumulated Surplus/(Deficit)	112,020,601	-	112,020,601
Long-term Liabilities	2,102,237	(2,102,237)	-
Long-term Borrowings	-	2,102,237	2,102,237
Non-current Provisions	16,779,072	-	16,779,072
Non-current Employee Benefits	2,767,402	-	2,767,402
Consumer Deposits	914,935	401,041	1,315,976
Current Employee Benefits	2,314,263	-	2,314,263
Payables from exchange transactions	13,445,863	(13,445,863)	-
Trade and Other Payables from Exchange Transactions	-	13,044,823	13,044,823
Unspent Conditional Government Grants and Receipts	57,921	(57,921)	-
Unspent Transfers and Subsidies	-	57,921	57,921
Current Portion of Long-term Liabilities	1,447,499	(1,447,499)	-
Current Portion of Long-term Borrowings	-	1,447,499	1,447,499
Property, Plant and Equipment	109,672,270	-	109,672,269
Investment Property	37,645,967	-	37,645,967
Intangible Assets	256,520	-	256,520
Inventory	322,589	-	322,589
Receivables from exchange transactions	1,986,680	19,979	2,006,659
Receivables from non-exchange transactions	907,477	(19,979)	887,498
Operating Lease Asset	1,146	-	1,146
Taxes	900,776	-	900,776
Cash and Cash Equivalents	612,167	-	612,167
		-	

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	Balance previously reported	Adjustments	Restated Balance
<b>Statement of Financial Performance</b>			
Property Rates	8,479,626	(2,712,197)	5,767,429
Government Grants and Subsidies	26,463,904	588,279	27,052,183
Public Contributions and Donations	1,522,751	(1,760)	1,520,991
Fines	113,062	(113,062)	-
Fines, Penalties and Forfeits	-	115,703	115,703
Interest Earned - Non-exchange Transactions	-	1,471,266	1,471,266
Other Revenue from Non-exchange Transactions	588,279	(588,279)	-
Property Rates - penalties imposed and collection charges	1,471,266	(1,471,266)	-
Service Charges	22,226,160	(893,732)	21,332,428
Sales of Goods and Rendering of Services	-	1,898,019	1,898,019
Rent on Land	-	439,998	439,998
Rental from Fixed Assets	1,946,956	(1,706,782)	240,173
Interest Earned - external investments	186,692	-	186,692
Interest Earned - Exchange Transactions	2,715,278	-	2,715,278
Licences and Permits	301,193	(209,148)	92,046
Agency Services	431,378	(42,291)	389,087
Other Income from Exchange Transactions	787,234	(787,234)	-
Operational Revenue	-	309,670	309,670
Employee related costs	(24,919,349)	555,195	(24,364,154)
Remuneration of Councillors	(2,119,241)	-	(2,119,241)
Debt Impairment	(6,817,852)	6,817,852	-
Contracted Services	(1,806,331)	(2,367,716)	(4,174,047)
Depreciation and Amortisation	(7,177,869)	-	(7,177,869)
Actuarial Losses	(21,950)	-	(21,950)
Finance Costs	(1,658,316)	(75)	(1,658,391)
Bulk Purchases	(12,921,312)	1,215,269	(11,706,043)
Inventory Consumed	-	(1,561,143)	(1,561,143)
Operating Leases	-	(245,248)	(245,248)
Transfers and Subsidies	-	(11,500)	(11,500)
Operational Costs	(13,720,864)	6,289,548	(7,431,316)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	(6,817,852)	(6,817,852)
Gains/(Loss) on Sale of Fixed Assets	(2,760,464)	81,344	(2,679,120)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(403,866)	(10)	(403,876)
<b>Net Surplus/(Deficit) for the year</b>	<b>(7,093,635)</b>	<b>0</b>	<b>(7,093,635)</b>

43. CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

	2018 R	2017 R
<b>43.1 Property, Plant and Equipment</b>		
<b>Balance previously reported</b>	-	109,672,269
Cost	-	52,410,521
Community Assets recognised incorrectly in periods before 1 July 2016 - Note 2	-	212,254
Infrastructure Assets recognised incorrectly in periods before 1 July 2016 - Note 2	-	52,970,738
Infrastructure Assets recognised incorrectly in 2016/2017 - Note 2	-	(1,252,179)
Land and Buildings recognised incorrectly in periods before 1 July 2016 - Note 2	-	479,707
Accumulated Depreciation and Impairment	-	(3,368,935)
Accumulated Depreciation on Community Assets recognised incorrectly in periods before 1 July 2016 - Note 2	-	87,340
Accumulated Depreciation on Infrastructure Assets recognised incorrectly in periods before 1 July 2016 - Note 2	-	(1,191,612)
Accumulated Depreciation on Buildings recognised incorrectly in periods before 1 July 2016 - Note 2	-	13,773
Depreciation on Community Assets recognised incorrectly in 2016/2017 - Note 2	-	(20,520)
Depreciation on Infrastructure Assets recognised incorrectly in 2016/2017 - Note 2	-	(2,229,732)
Depreciation on Buildings recognised incorrectly in 2016/2017 - Note 2	-	(28,183)
<b>Restated Balance</b>	<b>-</b>	<b>158,713,856</b>
Reconstruction of Asset Register.		
<b>43.2 Investment Property</b>		
<b>Balance previously reported</b>	-	37,645,967
Investment Property recognised incorrectly in periods before 1 July 2016 - Note 3	-	195,900
<b>Restated Balance</b>	<b>-</b>	<b>37,841,867</b>
Investment Property recognised incorrectly in prior years.		
<b>43.3 Receivables from Exchange Transactions</b>		
<b>Balance previously reported</b>	-	2,006,659
Correction of Consumer Accounts in 2016/2017 - Note 7	-	(34,714)
<b>Restated Balance</b>	<b>-</b>	<b>1,971,946</b>
Correction of consumer accounts.		

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>43.4 Trade and Other Payables from Exchange Transactions</b>		
<b>Balance previously reported</b>	-	13,044,823
Payables recognised incorrectly in 2016/2017 - Note	-	(20,054)
<b>Restated Balance</b>	<b>-</b>	<b>13,024,769</b>
Creditors recognised incorrectly in prior years.		
<b>43.5 Taxes</b>		
<b>Balance previously reported</b>	-	900,776
Input Taxes not claimed in prior years - Note 17	-	93,550
<b>Restated Balance</b>	<b>-</b>	<b>994,326</b>
Input Taxes not claimed in prior years.		
<b>43.6 Accumulated Surplus/(Deficit) - 1 July 2016</b>		
Investment Property recognised incorrectly - Note 43.2	-	195,900
Community Assets recognised incorrectly in periods before 1 July 2016 - Note 43.1	-	212,254
Infrastructure Assets recognised incorrectly in periods before 1 July 2016 - Note 43.1	-	52,970,738
Infrastructure Assets recognised incorrectly in 2016/2017 - Note 43.1	-	(1,252,179)
Land and Buildings recognised incorrectly in periods before 1 July 2016 - Note 43.1	-	479,707
Accumulated Depreciation on Community Assets recognised incorrectly in periods before 1 July 2016 - Note 43.1	-	87,340
Accumulated Depreciation on Infrastructure Assets recognised incorrectly in periods before 1 July 2016 - Note 43.1	-	(1,191,612)
Accumulated Depreciation on Buildings recognised incorrectly in periods before 1 July 2016 - Note 43.1	-	13,773
<b>Total</b>	<b>-</b>	<b>51,515,922</b>

**43.7 Changes to Statement of Financial Performance**

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
<b>Revenue</b>				
Property Rates		5,767,429	-	5,767,429
Government Grants and Subsidies		27,052,183	-	27,052,183
Public Contributions and Donations		1,520,991	-	1,520,991
Fines, Penalties and Forfeits		115,703	-	115,703
Interest Earned - Non-exchange Transactions		1,471,266	-	1,471,266
Service Charges	43.3	21,332,428	(34,714)	21,297,715
Sales of Goods and Rendering of Services		1,898,019	-	1,898,019
Rent on Land		439,998	-	439,998
Rental from Fixed Assets		240,173	-	240,173
Interest Earned - External Investments		186,692	-	186,692
Interest Earned - Exchange Transactions		2,715,278	-	2,715,278
Licences and Permits from Exchange Transactions		92,046	-	92,046
Agency Services		389,087	-	389,087
Operational Revenue		309,670	-	309,670
Total		<b>63,530,964</b>	<b>(34,714)</b>	<b>63,496,251</b>
<b>Expenditure</b>				
Employee related costs	43.4	(24,364,154)	(3,465)	(24,367,619)
Remuneration of Councillors		(2,119,241)	-	(2,119,241)
Contracted Services		(4,174,047)	-	(4,174,047)
Depreciation and Amortisation	43.1	(7,177,869)	(2,278,435)	(9,456,305)
Actuarial Losses		(21,950)	-	(21,950)
Finance Costs		(1,658,391)	-	(1,658,391)
Bulk Purchases		(11,706,043)	-	(11,706,043)
Inventory Consumed		(1,561,143)	-	(1,561,143)
Operating Leases		(245,248)	-	(245,248)
Transfers and Subsidies		(11,500)	-	(11,500)
Operational Costs	43.4	(7,431,316)	117,069	(7,314,247)
Total		<b>(60,470,902)</b>	<b>(2,164,832)</b>	<b>(62,635,733)</b>
<b>Gains and Losses</b>				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(6,817,852)	-	(6,817,852)
Gains/(Loss) on Sale of Fixed Assets		(2,679,120)	-	(2,679,120)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(403,876)	-	(403,876)
Total		<b>(10,153,698)</b>	<b>-</b>	<b>(10,153,698)</b>
Net Surplus/(Deficit) for the year		<b>(7,093,635)</b>	<b>(2,199,545)</b>	<b>(9,293,180)</b>

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	2018 R	2017 R
<b>44. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	17,382,428	(9,293,180)
<b>Adjustments for:</b>		
Depreciation and Amortisation	10,868,357	7,186,845
(Gain)/Loss on Sale of Assets	(1,522,602)	2,760,464
Impairment Loss/(Reversal of Impairment Loss)	-	403,866
Fair Value Adjustments of Financial Asset	(1,364,940)	-
Discounting of Receivables	910,130	-
Interest not levied - Non-exchange Transactions	(65,616)	-
Interest not levied - Exchange Transactions	(844,514)	-
Contributed Property, Plant and Equipment	-	(1,274,602)
Government Grants and Subsidies received	53,705,000	27,012,803
Government Grants and Subsidies recognised as revenue	(51,462,242)	(27,052,183)
Government Grants repaid to National Revenue Fund	-	(820,789)
Contribution to provisions – Non-Current Provisions	1,335,463	864,641
Donation In-kind	(284,940)	(588,279)
Salary In-kind	284,940	588,279
Contribution from/to provisions - Non-Current Employee Benefits	119,765	71,333
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	25,982	21,950
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(17,164)	-
Contribution from/to - Current Employee Benefits	215,262	92,495
Contribution to provisions – Bad Debt	4,255,470	-
Bad Debts written off	943,094	7,475,149
Operating lease income accrued	1,146	3,863
Operating Surplus/(Deficit) before changes in working capital	34,485,019	7,452,653
Changes in working capital	(5,481,554)	311,343
Increase/(Decrease) in Trade and Other Payables	2,710,563	8,343,313
Increase/(Decrease) in Taxes	(2,046,997)	(679,114)
(Increase)/Decrease in Inventory	(235,890)	(112,154)
(Increase)/Decrease in Receivables from Exchange Transactions	(5,002,356)	(5,924,175)
(Increase)/Decrease in Receivables from Non-Exchange Transactions	(906,875)	(1,316,527)
<b>Cash generated/(absorbed) by operations</b>	<b>29,003,465</b>	<b>7,763,996</b>
<b>45. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 9	289,405	537,432
Call Deposits and Investments - Note 9	3,030,163	74,355
Cash Floats - Note 9	380	380
<b>Total cash and cash equivalents</b>	<b>3,319,949</b>	<b>612,167</b>
<b>46. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 45	3,319,949	612,167
<b>Less:</b>	(2,300,679)	(57,921)
Unspent Transfers and Subsidies - Note 16	(2,300,679)	(57,921)
Net cash resources available for internal distribution	1,019,270	554,246
Allocated to:		
Capital Replacement Reserve	(739)	(739)
<b>Resources available for working capital requirements</b>	<b>1,018,531</b>	<b>553,507</b>
<b>47. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 10	2,102,237	3,549,736
Used to finance property, plant and equipment - at cost	(2,102,237)	(3,549,736)
Cash set aside for the repayment of long-term liabilities	-	-
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		
<b>48. BUDGET INFORMATION</b>		
<b>48.1 Explanation of variances greater than 10%: Final Budget and Actual Amounts:</b>		
<b>48.2 Statement of Financial Position</b>		
<b>48.2.1 Current Assets</b>		
Call Investment Deposits		
<i>Increase in Call Deposits as a result of unspent grant funding.</i>		

Consumer Debtors  
*Non-payment of consumers.*

Other Debtors  
*Non-payment of consumers.*

Inventory  
*Increase in consumables on-hand.*

**48.2.2 Non-Current Assets**

Long-term Receivables  
*All consumer debtors are current receivables.*

Investment Property  
*Reconstructing of Asset Register.*

Property, Plant and Equipment  
*Reconstructing of Asset Register.*

Intangible Assets  
*Reconstructing of Asset Register.*

**48.2.3 Current Liabilities**

Borrowing  
*Additional finance lease.*

Consumer Deposits  
*Reclassification of consumer deposits.*

Provisions  
*Increase in salary cost of staff leave and staff bonus provisions.*

**48.2.4 Non-Current Liabilities**

Borrowing  
*Repayment of Finance Leases.*

Provisions  
*Increase in provision for rehabilitation of landfill-sites.*

**48.2.5 Net Assets**

Accumulated Surplus/(Deficit)  
*Nett result of all effects.*

**Statement of Financial Performance**

**48.2.6 Revenue**

Property Rates  
*Revenue Forgone not budgeted for.*

Service Charges - Water Revenue  
*Decrease due to water drought.*

Service Charges - Refuse Revenue  
*Revenue Forgone not budgeted for.*

Rental of Facilities and Equipment  
*Decrease due to water drought.*

Interest Earned - Outstanding Debtors  
*Decrease due to write-off of old debt.*

Fines  
*Less fines received.*

Licences and Permits  
*Decrease in licences issued.*



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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Agency Services

*Document reasons*

Other Revenue

*Decrease in operational revenue.*

Gains on Disposal of PPE

*Inventory Land sold during the year.*

**48.2.7 Expenditure**

Debt Impairment

*Decrease in Debt Impairment provision.*

Depreciation and Asset Impairment

*Reconstructing of Asset Register.*

Finance Charges

*Increase in provision for rehabilitation of landfill-sites.*

Other Materials

*Inventory Consumed included under other expenditure in budget.*

Other Expenditure

*Inventory Consumed included under other expenditure in budget and unwinding of interest not levied for Receivables.*

**Cash Flow Statement**

**48.2.8 Net Cash from Operating Activities**

Transfers and Grants

*Transfers and Grants not included in budget.*

**48.2.9 Net Cash from Investing Activities**

Capital Assets

*Delay in capital projects.*

**48.2.10 Net Cash from Financing Activities**

Increase/(Decrease) in Consumer Deposits

*New consumer accounts.*

Repayment of Borrowing

*Repayment of finance leases.*

**2018  
R**

**2017  
R**

**49. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**49.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure:

Opening balance

60,243,721

47,497,960

Unauthorised expenditure current year - operational

3,801,281

12,372,322

Unauthorised expenditure current year - capital

-

373,440

Approved by Council or condoned

-

-

Unauthorised expenditure awaiting authorisation

**64,045,002**

**60,243,721**

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Over expenditure of approved operating budget - 2011	None	8,326,343	8,326,343
Over expenditure of approved capital budget - 2011	None	5,601,856	5,601,856
Over expenditure of approved operating budget - 2012	None	48,113	48,113
Over expenditure of approved capital budget - 2012	None	430,587	430,587
Over expenditure of approved operating budget - 2013	None	2,219,133	2,219,133
Over expenditure of approved capital budget - 2013	None	4,457,394	4,457,394
Over expenditure of approved operating budget - 2014	None	4,354,299	4,354,299
Over expenditure of approved capital budget - 2014	None	6,368,173	6,368,173
Over expenditure of approved operating budget - 2015	None	6,562,636	6,562,636
Over expenditure of approved capital budget - 2015	None	445,821	445,821
Over expenditure of approved operating budget - 2016	None	6,488,967	6,488,967
Over expenditure of approved capital budget - 2016	None	2,194,638	2,194,638
Over expenditure of approved operating budget - 2017	None	12,372,322	12,372,322
Over expenditure of approved capital budget - 2017	None	373,440	373,440
Over expenditure of approved operating budget - 2018		3,801,281	-
		<b>64,045,002</b>	<b>60,243,721</b>

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	2018 Actual R	2018 Final Budget R	2018 Variance R	2018 Unauthorised R
<b>Unauthorised expenditure current year - operating</b>				
Executive and Council	7,321,252	7,594,240	(272,988)	-
Administration: Corporate	11,050,584	11,329,436	(278,852)	-
Administration: Community	3,974,971	4,719,886	(744,915)	-
Financial Services	13,172,409	13,866,453	(694,044)	-
Infrastructure	40,531,956	36,730,676	3,801,281	3,801,281
	<u>76,051,172</u>	<u>74,240,691</u>	<u>1,810,481</u>	<u>3,801,281</u>
	<b>2018 Actual R</b>	<b>2018 Final Budget R</b>	<b>2018 Variance R</b>	<b>2018 Unauthorised R</b>
<b>Unauthorised expenditure current year - capital</b>				
Executive and council	149,684	161,000	(11,316)	-
Administration: Corporate	-	194,600	(194,600)	-
Administration: Community	-	800,000	(800,000)	-
Financial Services	-	110,000	(110,000)	-
Infrastructure	26,511,146	35,879,000	(9,367,854)	-
	<u>26,660,830</u>	<u>37,144,600</u>	<u>(10,483,770)</u>	<u>-</u>
			<b>2018 R</b>	<b>2017 R</b>

49.2 **Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	252,745	143,736
Fruitless and wasteful expenditure current year	30,060	109,009
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>282,806</u>	<u>252,745</u>

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2018 R	2017 R
Interest and Penalties Paid to SARS on late payment of employee tax.	None	115	115
Interest Paid to Eskom.	None	38,083	13,902
Interest Paid to Creditors.	None	6,331	6,331
Interest and Penalties Paid to SARS on late payment of VAT.	None	12,693	12,693
Power failure caused damages to lobster and abalone at the Port Lobster fishing factory	None	25,000	25,000
Official responsible for preparation of orders failed to supply order to ensure timeous payment of creditor	None	65	65
Official responsible for preparation of orders failed to supply order to ensure timeous payment of creditor	None	224	224
Interest Paid to Creditors	None	66,025	66,025
Interest and Penalties Paid to SARS on late payment of employee tax.	None	44	44
Interest Paid to Eskom	None	13,944	13,944
Interest Paid to Creditors	None	4,770	4,770
Interest and Penalties Paid to SARS on late payment of Providend Fund	None	621	621
Interest Paid to Eskom	None	67,249	67,249
Interest Paid to Creditors	None	41,760	41,760
Interest Paid to D.J Scholtz & de Wit	None	5,264	-
Interest Paid to Wessee Konstruksie	None	206	-
Interest Paid to Van's Photo	None	57	-
Interest Paid to Honolulu Hardware	None	352	-
		<u>282,806</u>	<u>252,745</u>

49.3 **Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance	57,548,589	52,535,318
Irregular expenditure current year	-	5,013,271
Expenditure authorised i.t.o. Section 32 of MFMA	-	-
Condonement supported by council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting further action	<u>57,548,589</u>	<u>57,548,589</u>

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		2018 R	2017 R
Irregular expenditure can be summarised as follow:			
<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>		
Non compliance with Supply Chain Management Policy - Three written quotations not obtained and incomplete registration forms	To be investigated	16,460,016	16,460,016
Non compliance of tenders with Supply Chain Management Policy	To be investigated	24,880,494	24,880,494
Non compliance with Supply Chain Management Policy - Supplier in service of state	To be investigated	506,874	506,874
Non compliance with Supply Chain Management Policy - Contracts awarded not published on website	To be investigated	1,487,349	1,487,349
Non compliance with Supply Chain Management Policy - Deviation not reported to council	To be investigated	3,670	3,670
Deviations from the Supply Chain regulations - 3 Quotations not obtained, No Original Tax Clearance Certificate, No declaration of interest and Preferential Procurement Policy Framework Act not followed - 2015	To be investigated	3,729,662	3,729,662
Employee Related Cost - employees acting as CFO for longer than 3 months - 2015	To be investigated	140,781	140,781
Employee Related Cost - appointments made not on organogram - 2015	To be investigated	1,251,121	1,251,121
Deviations from the Supply Chain regulations - 3 Quotations not obtained, No Original Tax Clearance Certificate, No declaration of interest and Preferential Procurement Policy Framework Act not followed - 2016	None	3,530,313	3,530,313
Overpayment of capital projects	None	165,577	165,577
Employee Related Cost - employees acting as Municipal Manager for longer than 6 months - 2016	None	79,141	79,141
Employee Related Cost - appointments made not on organogram - 2016	None	300,320	300,320
Employee Related Cost - employees acting as Municipal Manager for longer than 6 months - 2017	To be investigated	380,192	380,192
Deviations from the Supply Chain regulations - 3 Quotations not obtained, No Original Tax Clearance Certificate, No declaration of interest and Preferential Procurement Policy Framework Act not followed - 2017	To be investigated	4,633,079	4,633,079
		<u>57,548,589</u>	<u>57,548,589</u>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

Further instances of Irregular Expenditure that might have resulted from non-compliance with the supply chain management processes are under investigation to determine the full extent of the amount. These expenditure can be summarised as follows:

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>		
Non compliance with Supply Chain Management Policy - R2 000 - R10 000	To be investigated	29,634	-
Non compliance with Supply Chain Management Policy - R10 001 - R200 000	To be investigated	1,124,646	-
Non compliance with Supply Chain Management Policy - Competitive Bids	To be investigated	10,845,945	-
Deviations from the Supply Chain Management Policy	To be investigated	13,271,737	-
Deviations from the Supply Chain regulations - Preference points system not used	To be investigated	86,754	-
Non compliance with Supply Chain Management Policy - Local content	To be investigated	60,852	-
Non compliance with Supply Chain Management Policy - Contract Management	To be investigated	503,657	-
		<u>25,923,225</u>	<u>-</u>

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R			
<b>50. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>					
<b>50.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)</b>					
Opening balance	100,000	200,000			
Council subscriptions	500,000	500,000			
Amount paid - current year	(500,000)	(400,000)			
Amount paid - previous years	(100,000)	(200,000)			
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>100,000</b>			
<b>50.2 Audit fees - [MFMA 125 (1)(c)]</b>					
Opening balance	1,468,016	905,891			
Current year audit fee	2,475,441	3,226,240			
External Audit - Auditor-General	2,475,441	3,226,240			
Amount paid - current year	(1,461,507)	(1,758,224)			
Amount paid - previous year	(1,963,455)	(905,891)			
<b>Balance unpaid (included in creditors)</b>	<b>518,496</b>	<b>1,468,016</b>			
<b>50.3 VAT - [MFMA 125 (1)(c)]</b>					
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year. The net of VAT Input Payables and VAT Output Receivables are shown in Note 17.					
<b>50.4 PAYE and UIF - [MFMA 125 (1)(c)]</b>					
Opening balance	204,881	148,841			
Current year payroll deductions	3,051,642	2,647,064			
Amount paid - current year	(2,772,365)	(2,442,183)			
Amount paid - previous year	(204,881)	(148,841)			
<b>Balance unpaid (included in creditors)</b>	<b>279,277</b>	<b>204,881</b>			
<b>50.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>					
Opening balance	178,095	9,181			
Current year payroll deductions and Council Contributions	5,051,920	4,810,258			
Amount paid - current year	(4,624,832)	(4,632,163)			
Amount paid - previous year	(178,095)	(9,181)			
<b>Balance unpaid (included in creditors)</b>	<b>427,088</b>	<b>178,095</b>			
<b>50.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</b>					
None of the councillors had arrear accounts for more than 90 days on 30 June 2018.					
None of the Councillors had arrear accounts outstanding for more than 90 days during the year.					
<b>50.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005</b>					
Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b):					
	<b>Type of Deviation</b>				
	<b>Amount</b>	<b>Single Supplier</b>	<b>Impossible</b>	<b>Impractical</b>	<b>Emergency</b>
July	190,880	5		1	1
August	382,942	6		6	5
September	101,498	3		2	-
October	269,105	4		-	3
November	72,845	6		-	-
December	366,916	43		1	3
January	331,681	10		3	1
February	121,870	5		1	-
March	234,407	8		1	3
April	20,643	2		2	-
May	312,474	2		-	-
June	28,792	2		2	-
	<b>2,434,052</b>	<b>96</b>	<b>-</b>	<b>19</b>	<b>16</b>

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>50.8 Material losses</b>		
<b>Electricity distribution losses</b>		
Units purchased (Kwh)	10,224,620	10,051,628
Units lost during distribution (Kwh)	2,867,301	3,055,098
Percentage lost during distribution	28.04%	30.39%
Distribution loss (Rand Value)	1,722,077	1,820,953

The reason for the increase in electricity losses is due to electricity theft on pre-paid meters.

**Water distribution losses**

Units purchased (ml)	382,310	350,560
Units lost during distribution (ml)	51,664	91,945
Percentage lost during distribution	13.51%	26.23%
Distribution loss (Rand Value)	142,076	252,849

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

**51. FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price Risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

	2018 R	2017 R
1% (2017: 1%) Increase in interest rates	12,173	(29,379)
1% (2017: 1%) Decrease in interest rates	(12,173)	29,379

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

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

All rates and services are payable within 30 days from invoice date. Refer to note 7 and 8 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 %	2018 R	2017 %	2017 R
<u>Non-exchange Receivables</u>				
Rates	100.00%	12,010,458	100.00%	11,103,584
<u>Exchange Receivables</u>				
Electricity	7.83%	4,208,089	7.24%	3,567,256
Water	36.26%	19,490,268	34.89%	17,200,695
Property Rentals	4.41%	2,372,445	4.27%	2,106,663
Waste Management	21.41%	11,509,613	21.62%	10,659,720
Waste Water Management	19.25%	10,345,980	19.26%	9,495,864
Abeysance	4.92%	2,644,276	7.46%	3,679,918
Other	5.93%	3,187,078	5.26%	2,593,568
Prepayments and Advances	0.00%	-	0.00%	-
	100.00%	53,757,750	100.00%	49,303,683

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 7 and 8 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2018 %	2018 R	2017 %	2017 R
<u>Non-exchange Receivables</u>				
Rates	41.87%	36,269,225	42.26%	34,645,790
<u>Exchange Receivables</u>				
Services	58.13%	50,358,578	57.74%	47,331,738
	100.00%	86,627,803	100.00%	81,977,527

Ageing of amounts past due but not impaired are as follow:

**2018**

	Exchange Receivables	Non- exchange Receivables
1 month past due	1,050,911	98,409
2+ months past due	175,484	888,287
	1,226,395	986,695

**2017**

	Exchange Receivables	Non- exchange Receivables
1 month past due	-	53,607
2+ months past due	-	71,131
	-	124,738

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.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank Limited). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Receivables are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2018 R	2017 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	53,757,750	49,303,683
Receivables from non-exchange transactions	37,805,103	35,533,288
Cash and Cash Equivalents	3,319,569	611,787
	94,882,421	85,448,758

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and 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 entity 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.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2018</b>				
Long-term Liabilities	1,699,878	585,267	-	-
Trade and Other Payables	15,735,333	-	-	-
	<u>17,435,211</u>	<u>585,267</u>	<u>-</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2017</b>				
Long-term Liabilities	1,751,875	2,258,562	-	-
Trade and Other Payables	13,024,769	-	-	-
	<u>14,776,644</u>	<u>2,258,562</u>	<u>-</u>	<u>-</u>
			2018 R	2017 R

52. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

52.1 Financial Assets

Classification

**Receivables from Exchange Transactions**

Electricity	Financial Instruments at amortised cost	4,208,089	3,567,256
Water	Financial Instruments at amortised cost	19,490,268	17,200,695
Property Rentals	Financial Instruments at amortised cost	2,372,445	2,106,663
Waste Management	Financial Instruments at amortised cost	11,509,613	10,659,720
Waste Water Management	Financial Instruments at amortised cost	10,345,980	9,495,864
Abeyance	Financial Instruments at amortised cost	2,644,276	3,679,918
Other Arrears	Financial Instruments at amortised cost	3,187,078	2,628,281

**Cash and Cash Equivalents**

Bank Balances	Financial Instruments at amortised cost	289,405	537,432
Call Deposits	Financial Instruments at amortised cost	3,030,163	74,355

**Total Financial Assets**

**57,077,318**      **49,950,184**

**SUMMARY OF FINANCIAL ASSETS**

**Financial Instruments at amortised cost:**

Receivables from Exchange Transactions	Electricity	4,208,089	3,567,256
Receivables from Exchange Transactions	Water	19,490,268	17,200,695
Receivables from Exchange Transactions	Property Rentals	2,372,445	2,106,663
Receivables from Exchange Transactions	Waste Management	11,509,613	10,659,720
Receivables from Exchange Transactions	Waste Water Management	10,345,980	9,495,864
Receivables from Exchange Transactions	Abeyance	2,644,276	3,679,918
Receivables from Exchange Transactions	Other Arrears	3,187,078	2,628,281
Cash and Cash Equivalents	Bank Balances	289,405	537,432
Cash and Cash Equivalents	Call Deposits	3,030,163	74,355

**Total Financial Assets**

**57,077,318**      **49,950,184**

52.2 Financial Liabilities

Classification

**Long-term Liabilities**

Capitalised Lease Liability	Financial Instruments at amortised cost	2,102,237	3,549,736
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**Trade and Other Payables**

Trade Payables	Financial Instruments at amortised cost	13,824,800	9,861,864
Advance Payments	Financial Instruments at amortised cost	874,078	1,801,033
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	43,369	27,260
Other Payables	Financial Instruments at amortised cost	202,231	120,562
Retentions	Financial Instruments at amortised cost	790,855	1,234,104

**17,837,569**      **16,594,558**

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R	
<b>SUMMARY OF FINANCIAL LIABILITIES</b>				
<b>Financial instruments at amortised cost:</b>				
Long-term Liabilities	Capitalised Lease Liability	2,102,237	3,549,736	
Trade and Other Payables	Trade Payables	13,824,800	9,861,864	
Trade and Other Payables	Advance Payments	874,078	1,801,033	
Trade and Other Payables	Control, Clearing and Interface Accounts	43,369	27,260	
Trade and Other Payables	Other Payables	202,231	120,562	
Trade and Other Payables	Retentions	790,855	1,234,104	
		<b>17,837,569</b>	<b>16,594,558</b>	
<b>53. STATUTORY RECEIVABLES</b>				
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:				
<b>Taxes</b>				
VAT Receivable		0	-	
<b>Receivables from Non-Exchange Transactions</b>				
Rates		12,010,458	11,103,584	
		<b>12,010,458</b>	<b>11,103,584</b>	
<b>Total Statutory Receivables (before provision)</b>				
<b>Less:</b> Provision for Debt Impairment		(10,975,162)	(10,716,667)	
<b>Total Statutory Receivables (after provision)</b>				
		<b>1,035,296</b>	<b>386,916</b>	
<b>Reconciliation of Provision for Debt Impairment</b>				
Balance at beginning of year		10,716,667	8,593,788	
Contribution to provision		258,495	2,122,879	
Reversal of provision		-	-	
Balance at end of year		<b>10,975,162</b>	<b>10,716,667</b>	
<b>54. IN-KIND DONATIONS AND ASSISTANCE</b>				
The department of Corporate Governance, Human Settlements and Traditional Affairs has second mr. Maposa to act as Municipal Manager at Richtersveld Municipality. This service in-kind has been recognised as revenue in terms of GRAP 23.				
<b>55. PRIVATE PUBLIC PARTNERSHIPS</b>				
Council has not entered into any private public partnerships during the financial year.				
<b>56. CONTINGENT LIABILITY</b>				
The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:				
Sightfull 1235 CC		-	4,838,424	
		<b>-</b>	<b>4,838,424</b>	
<b>57. CONTINGENT ASSET</b>				
The municipality has started a process to recover irregular payments of R2 154 966 made to Renaissance Skills Centre CC.				
<b>58. RELATED PARTIES</b>				
Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.				
<b>58.1 Related Party Transactions</b>				
	<b>Rates</b>	<b>Service Charges</b>	<b>Other</b>	<b>Outstanding Balance</b>
<b>Year ended 30 June 2018</b>				
<b>Councillors</b>				
AM Jansen - Mayor	10,293	25,654	-	4,532
R Jonker	5,110	5,887	-	837
G Beukes	508	6,627	-	324
	<b>15,911</b>	<b>38,168</b>	<b>-</b>	<b>5,693</b>
<b>Municipal Manager and Section 57 Employees</b>				
E Cloete	-	3,921	-	298
JX Komanisi	-	19,663	25,204	2,928
	<b>-</b>	<b>23,584</b>	<b>25,204</b>	<b>3,226</b>



RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Rates	Service Charges	Other	Outstanding Balance
<b>Year ended 30 June 2017</b>				
Councillors				
AM Jansen - Mayor	9,469	24,381	-	3,112
LR Ambrosini	3,650	4,568	-	9,570
G Beukes	425	6,064	-	302
CF Richter	9,753	897	-	-
E Hausiku	358	646	-	599
T Swartbooi	548	432	-	759
R Jonker	4,555	5,589	-	875
	<b>28,758</b>	<b>42,575</b>	<b>-</b>	<b>15,216</b>
Municipal Manager and Section 57 Employees				
E Cloete	-	3,570	-	302
JX Komanisi	-	13,378	23,778	4,375
	<b>-</b>	<b>16,948</b>	<b>23,778</b>	<b>4,677</b>

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

**58.2 Compensation of key management personnel**

The compensation of key management personnel is set out in note 31 to the Annual Financial Statements.

**58.3 Other related party transactions**

The following purchases were made during the year where Councillors or staff have an interest:

Company Name	Related Party	Service Capacity	Relationship	2018 R	2017 R
JJ Panelbeaters	Jamie Ambrosini	Intern	Father	-	1,500
MC Spyseniering	L. Cloete	Human Resorce Clerk	Mother	9,650	25,300
DC Forbes Catering	L. Phillips	Caravan Park Caretaker	Sister	-	8,200
Namakwaland Konstruksie	S. Hearne	Payroll Officer	Husband	1,551,318	4,069,890
T & D Caterers	B. Raman	Testing Officer	Mother	99,898	50,005
				<b>1,660,865</b>	<b>4,154,895</b>

**59. FINANCIAL SUSTAINABILITY**

The extremely high cost associated with the Delivery of Basic Services and Infrastructure needs to communities due to the vast distances between several settlements coupled with the social-economic profile (high unemployment rate) of Richtersveld communities resulted in a serous risk for Richtersveld Municipality's going concern.

Unless sustainable job creation is achieved, Richtersveld Municipality will not be able to function as a going concern without Government Grants and Subsidies.

The average creditors payment period is 105 days (2017: 105 days). The municipality has negotiated with Eskom to repay outstanding accounts.

The municipality is experiencing difficulty to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceeds the current assets with R11 684 374 (2017: R13 370 756).

The average debtor-collection period after impairment is 56,7 days (2017: 31,9 days), while debtors impairment provision as a percentage of accounts receivable is 93,7% (2017: 96,6%). Assistance from NCPT has been requested to assist the municipality with a turn-around strategie.

The municipality have budgeted for a operating deficit of R699 000 for the 2018/2019 financial year, and R1 564 000 and R1 055 000 for the 2019/2020 and 2020/2021 years respectively. The municipality has also budgeting for positive cash flows during 2018/2019 of R4 431 000, R5 990 000 and R6 906 000 for 2019/2020 and 2020/2021 respectively.

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

**60. EVENTS AFTER REPORTING PERIOD**

No events after the reporting date were identified by management that will effect the operations of the municipality or the results of those operations significantly.

**APPENDIX A**  
**RICHTERSVELD MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018**

<b>EXTERNAL LOANS</b>	<b>Rate</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30 June 2017</b>	<b>Correction of Error</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 June 2018</b>
<b>ANNUITY LOANS</b>								
DBSA	10.00%	101910	31/12/2015	-	-	-	-	-
<b>Total Annuity Loans</b>				-	-	-	-	-
<b>LEASE LIABILITY</b>								
Office Equipment		Various	30/04/2017	-	-	-	-	-
Vehicles		Various	01/07/2019	3,549,736	-	-	(1,447,499)	2,102,237
Data Contracts		Various	30/09/2014	-	-	-	-	-
<b>Total Lease Liabilities</b>				3,549,736	-	-	(1,447,499)	2,102,237
<b>TOTAL EXTERNAL LOANS</b>				3,549,736	-	-	(1,447,499)	2,102,237

**APPENDIX B**  
**RICHTERSVELD MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
			<b>Governance and Administration</b>			
746,237	(10,450,195)	(9,703,958)	Executive and council	81,649	(7,208,330)	(7,126,680)
29,386,933	(29,640,192)	(253,259)	Finance and administration	31,689,656	(22,937,963)	8,751,693
-	-	-	Internal audit	-	-	-
			<b>Community and Public Safety</b>			
1,576,277	(4,131,471)	(2,555,193)	Community and social services	1,085,226	(2,117,820)	(1,032,593)
1,362,713	(1,750,958)	(388,245)	Sport and recreation	1,411,540	(1,895,050)	(483,511)
-	(91,405)	(91,405)	Public safety	-	(121,075)	(121,075)
-	1,780,197	1,780,197	Housing	-	(345,336)	(345,336)
(5,382)	(40,645)	(46,028)	Health	(5,042)	(38,855)	(43,897)
			<b>Economic and Environmental Services</b>			
209,289	-	209,289	Planning and development	96,313	(411,330)	(315,017)
6,336,479	(4,253,469)	2,083,010	Road transport	311,145	(6,781,215)	(6,470,069)
-	-	-	Environmental protection	-	-	-
			<b>Trading Services</b>			
11,183,160	(14,221,553)	(3,038,393)	Energy sources	18,478,235	(13,749,963)	4,728,272
5,091,962	(4,315,959)	776,003	Water management	11,787,409	(12,630,065)	(842,656)
4,487,883	(2,679,351)	1,808,532	Waste water management	24,884,338	(3,704,126)	21,180,212
3,155,777	(3,029,507)	126,271	Waste management	3,595,968	(3,997,123)	(401,155)
-	-	-	<b>Other</b>	-	(95,758)	(95,758)
63,531,327	(72,824,507)	(9,293,180)	Sub Total	93,416,437	(76,034,008)	17,382,428
-	-	-	Less Inter-Departmental Charges	-	-	-
63,531,327	(72,824,507)	(9,293,180)	<b>Total</b>	93,416,437	(76,034,008)	17,382,428

**APPENDIX C**  
**RICHTERSVELD MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018**  
**MUNICIPAL VOTES CLASSIFICATIONS**

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
			<b>Executive and council</b>			
119,021	(7,248,114)	(7,129,093)	Council General Expenses	81,649	(6,225,057)	(6,143,407)
627,216	(3,202,081)	(2,574,865)	Municipal Manager	-	(983,273)	(983,273)
-	-	-	Tourism	-	(95,758)	(95,758)
			<b>Administration: Corporate</b>			
19,114,013	(8,336,683)	10,777,331	Administration.	17,732,873	(7,245,231)	10,487,642
(5,382)	(40,645)	(46,028)	Health Services	(5,042)	(38,855)	(43,897)
1,573,159	(4,044,108)	(2,470,949)	Library	1,087,898	(2,040,441)	(952,544)
279,957	(1,616,507)	(1,336,550)	Offices	253,106	(1,301,879)	(1,048,773)
91,404	(450,750)	(359,346)	Vehicle Testing	6,018	(424,177)	(418,159)
			<b>Administration: Community</b>			
101,301	78,619	179,920	Properties	2,766,236	(287,582)	2,478,654
542,198	(258,044)	284,154	Commonage	332,082	(250,739)	81,343
8,856	(40,645)	(31,789)	Cemetery	3,447	(39,254)	(35,807)
-	1,820,842	1,820,842	Housing Scheme 4	-	(307,212)	(307,212)
-	(40,645)	(40,645)	Housing Scheme 5	-	(38,124)	(38,124)
-	(91,405)	(91,405)	Fire Brigade	-	(121,075)	(121,075)
(34,914)	(6,130,011)	(6,164,924)	Workshop	(23,057)	(1,013,653)	(1,036,710)
-	(41,116)	(41,116)	Beaches	-	(38,124)	(38,124)
1,364,563	(1,265,424)	99,139	Caravan Park	1,424,936	(1,375,718)	49,217
(5,737)	(46,718)	(52,455)	Museum	(6,118)	(38,124)	(44,243)
(2,464)	(36,986)	(39,450)	Recreational Park	(13,396)	(88,634)	(102,030)
614	(385,941)	(385,327)	Community Gym	-	(376,731)	(376,731)
			<b>Financial Services</b>			
904,751	(8,169,827)	(7,265,076)	Administration	739,530	(11,171,036)	(10,431,506)
8,479,626	(5,207,739)	3,271,887	Assessment Rates	9,888,886	(2,001,373)	7,887,513
			<b>Infrastructure</b>			
3,155,777	(3,029,507)	126,271	Refuse Removal	3,595,968	(3,997,123)	(401,155)
4,487,883	(2,679,351)	1,808,532	Sewerage Services	24,884,338	(3,702,078)	21,182,260
6,454,364	(3,802,720)	2,651,644	Roads & Stormwater	401,441	(6,359,086)	(5,957,645)
5,091,962	(4,315,959)	776,003	Water Services	11,787,409	(12,630,065)	(842,656)
11,183,160	(14,221,553)	(3,038,393)	Electricity Services	18,478,235	(13,749,963)	4,728,272
-	(21,492)	(21,492)	Sport Ground	-	(15,843)	(15,843)
-	-	-	Planning and Development	-	(77,799)	(77,799)
63,531,327	(72,824,507)	(9,293,180)	Sub Total	93,416,437	(76,034,008)	17,382,428
-	-	-	Less Inter-Departmental Charges	-	-	-
63,531,327	(72,824,507)	(9,293,180)	<b>Total</b>	93,416,437	(76,034,008)	17,382,428

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

Grant Description	Balance 30 June 2017	Correction of Error	Restated Balance 30 June 2017	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	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)
<b>National Government Grants</b>											
Equitable Share	-	-	-	14,115,000	-	-	(14,115,000)	-	-	-	-
Finance Management Grant	-	-	-	1,900,000	-	-	(1,900,000)	-	-	-	-
Municipal Infrastructure Grant	-	-	-	7,382,000	-	-	-	(5,251,297)	2,130,703	2,130,703	-
Integrated National Electrification Grant	-	-	-	7,000,000	-	-	-	(6,886,945)	113,055	113,055	-
Expanded Public Works Programme Inter	-	-	-	1,000,000	-	-	(1,000,000)	-	-	-	-
Municipal Disaster Grant	-	-	-	15,197,000	-	-	-	(15,197,000)	-	-	-
Water Services Infrastructure Grant	-	-	-	6,000,000	-	-	-	(6,000,000)	-	-	-
<b>Total National Government Grants</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,594,000</b>	<b>-</b>	<b>-</b>	<b>(17,015,000)</b>	<b>(33,335,242)</b>	<b>2,243,758</b>	<b>2,243,758</b>	<b>-</b>
<b>Provincial Government Grants</b>											
Libraries, Archives and Museums	1,162	-	1,162	1,111,000	-	-	(1,112,000)	-	162	162	-
<b>Total Provincial Government Grants</b>	<b>1,162</b>	<b>-</b>	<b>1,162</b>	<b>1,111,000</b>	<b>-</b>	<b>-</b>	<b>(1,112,000)</b>	<b>-</b>	<b>162</b>	<b>162</b>	<b>-</b>
<b>Other Grant Providers</b>											
Alexkor	56,759	-	56,759	-	-	-	-	-	56,759	56,759	-
<b>Total Other Grant Providers</b>	<b>56,759</b>	<b>-</b>	<b>56,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,759</b>	<b>56,759</b>	<b>-</b>
<b>Total Grants</b>	<b>57,921</b>	<b>-</b>	<b>57,921</b>	<b>53,705,000</b>	<b>-</b>	<b>-</b>	<b>(18,127,000)</b>	<b>(33,335,242)</b>	<b>2,300,679</b>	<b>2,300,679</b>	<b>-</b>

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.