



Sarah Baartman

DISTRICT MUNICIPALITY

*Province of the Eastern Cape*

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*progress through development*

## **SARAH BAARTMAN DISTRICT MUNICIPALITY**

Group Annual Financial Statements for the Year Ended 30 June 2021

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## General Information

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<b>Legal form of entity</b>	District Municipality (DC10) Sarah Baartman District
<b>Nature of business and principal activities</b>	Municipal services
<b>Legislation governing the municipality's operations</b>	Local Government Municipal Finance Management Act (Act No. 56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Constitution of the Republic of South Africa (Act 108 of 1998) Municipal Property Rates Act (Act 6 of 2004) Division of Revenue Act (Act1 of 2007)
<b>Mayoral committee</b>	
Executive Mayor	KE Kekana
Speaker	ME Njadayi
Portfolio Councillor: Finance	VS Stuurman
Portfolio Councillor: Corporate Services	P Faxi
Portfolio Councillor: Infrastructure Development and Community Services	N Gaga
Portfolio Councillor: Planning & Economic Development	S Lucas
Portfolio Councillor: Special Projects	Z Funiselo
<b>Accounting Officer</b>	DM Pillay
<b>Chief Finance Officer (CFO)</b>	K Abrahams
<b>Registered office</b>	32 Govan Mbeki Ave Standard Bank Building Port Elizabeth 6001
<b>Postal address</b>	P O Box 318 Port Elizabeth 6000
<b>Bankers</b>	ABSA Bank Limited
<b>Auditors</b>	Auditor-General South Africa
<b>Preparer</b>	The group annual financial statements were internally compiled by: K Abrahams

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

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The reports and statements set out below comprise the group annual financial statements presented to the Municipal Council:

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CDDA	Cacadu District Development Agency
DORA	Division of Revenue Act
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
IMFO	Institute of Municipal Finance Officers
MDRG	Municipal Disaster Relief Grant
SARS	South African Revenue Services
SBDM	Sarah Baartman District Municipality
VAT	Value Added Taxation

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the group annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the group annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the group annual financial statements and was given unrestricted access to all financial records and related data.

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

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

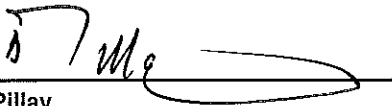
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group annual financial statements. However, any system of internal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

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2022 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality for continued funding of operations. The group annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The annual financial statements set out on page 6 - 61, which have been prepared on the going concern basis, were approved by the Accounting Officer on 17 December 2021.



DM Pillay  
Accounting Officer

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Statement of Financial Position as at June 30, 2021

Figures in Rand	Note(s)	2021	2020
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	3	823,074	1,033,192
Receivables from non-exchange transactions	4	2,131,189	678,255
VAT receivable	5	1,362,080	495,613
Deposits paid	6	15,410	15,410
Short-term investments	7	100,000,000	187,000,000
Cash and cash equivalents	8	135,672,598	62,260,861
		<b>240,004,351</b>	<b>251,483,331</b>
<b>Non-Current Assets</b>			
Investment property	9	12,006,818	12,127,722
Property, plant and equipment	10	19,730,779	20,084,880
Intangible assets	11	860,069	628,751
Heritage assets	12	15,676,000	15,676,000
Long-term receivables	13	138,191	150,198
		<b>48,411,857</b>	<b>48,667,551</b>
<b>Total Assets</b>		<b>288,416,208</b>	<b>300,150,882</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	14	12,901,381	12,872,623
Unspent conditional grants and receipts	15	13,261,184	30,030,589
Employee benefits	16 & 17	6,427,302	6,294,807
		<b>32,589,867</b>	<b>49,198,019</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	16	58,605,589	53,433,814
<b>Total Liabilities</b>		<b>91,195,456</b>	<b>102,631,833</b>
<b>Net Assets</b>		<b>197,220,752</b>	<b>197,519,049</b>
Accumulated surplus	18	197,438,724	197,519,049
<b>Total Net Assets</b>		<b>197,438,724</b>	<b>197,519,049</b>

\* See Note

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# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rental of facilities and equipment		60,563	712,913
Income from agency services		46,390	49,742
Interest received	33	10,118,980	16,096,764
Decrease in provision for doubtful debts	3 & 4	442,636	-
<b>Total revenue from exchange transactions</b>		<b>10,668,569</b>	<b>16,859,419</b>
<b>Revenue from non-exchange transactions</b>			
Actuarial gain on post employment medical benefit		-	3,027,786
Government grants & subsidies	19	123,583,591	96,194,382
Other revenue	20	395,356	501,919
<b>Total revenue from non-exchange transactions</b>		<b>123,978,947</b>	<b>99,724,087</b>
<b>Total revenue</b>	20	<b>134,647,516</b>	<b>116,583,506</b>
<b>Expenditure</b>			
Increase in provision for debt impairment		-	(968,948)
Depreciation	10	(1,742,850)	(1,613,958)
Amortisation	11	(487,477)	(371,857)
Actuarial loss on post employment medical benefit	16	(2,636,368)	-
Discounting of post employment medical benefit	16	(6,056,344)	(5,229,859)
Remuneration of employees	21	(47,375,660)	(42,939,661)
Remuneration of councillors	22	(7,367,077)	(7,597,987)
Repairs and maintenance	23	(761,754)	(552,241)
Other grants and subsidies paid	24	(13,473,329)	(17,922,858)
Conditional grant expenditure	24	(3,631,757)	(1,393,763)
General Expenses	25	(48,706,403)	(28,315,025)
Contracted services	26	(2,477,019)	(2,579,732)
Fines and penalties		(40)	(21,057)
Impairment of assets	27	(4,207)	(1,852,864)
Loss on disposal of assets and liabilities		(7,556)	(331,350)
<b>Total expenditure</b>		<b>(134,727,841)</b>	<b>(111,691,160)</b>
<b>(Deficit) Surplus for the year</b>		<b>(80,325)</b>	<b>4,892,346</b>

\* See Note

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2019 as restated</b>	<b>192,724,398</b>	<b>192,724,398</b>
Changes in net assets		
Reversal of impairment losses on revalued capital assets of CDDA	(95,000)	(95,000)
Net losses recognised directly in net assets	(95,000)	(95,000)
Surplus for the year	4,889,651	4,889,651
Total recognised income and expenses for the year	4,794,651	4,794,651
Total changes	4,794,651	4,794,651
<b>Balance at 01 July 2020</b>	<b>197,519,049</b>	<b>197,519,049</b>
Changes in net assets		
Loss for the year	(80,325)	(80,325)
Total changes	(80,325)	(80,325)
<b>Balance at June 30, 2021</b>	<b>197,438,724</b>	<b>197,438,724</b>
Note(s)		

\* See Note

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Cash Flow Statement

Figures in Rand	Note(s)	2021	2020
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		105,999,168	124,831,133
Interest income		10,340,067	16,304,931
Other receipts		313,385	2,161,976
		<u>116,652,620</u>	<u>143,298,040</u>
<b>Payments</b>			
Employee costs		(54,121,791)	(50,014,742)
Cash paid to suppliers		(24,552,472)	(21,896,353)
Other payments		(45,143,991)	(40,640,398)
		<u>(123,818,254)</u>	<u>(112,551,493)</u>
<b>Net cash flows from operating activities</b>	28	<b><u>(7,165,634)</u></b>	<b><u>30,746,547</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(1,293,820)	(2,252,597)
Proceeds from sale of property, plant and equipment	10	-	308,071
Purchase of other intangible assets	11	(722,212)	(301,545)
		<u>(2,016,032)</u>	<u>(2,246,071)</u>
<b>Net cash flows from investing activities</b>		<b><u>(2,016,032)</u></b>	<b><u>(2,246,071)</u></b>
<b>Cash flows from financing activities</b>			
Payments of short-term investments		87,000,000	(2,000,000)
Repayment of other financial liabilities		(4,529,188)	(4,585,850)
		<u>82,470,812</u>	<u>(6,585,850)</u>
<b>Net cash flows from financing activities</b>		<b><u>82,470,812</u></b>	<b><u>(6,585,850)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>73,289,146</b>	<b>21,914,626</b>
Cash and cash equivalents at the beginning of the year		62,260,862	40,329,664
<b>Cash and cash equivalents at the end of the year</b>	8	<b><u>135,550,008</u></b>	<b><u>62,244,290</u></b>

\* See Note

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# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2021</b>											
<b>Financial Performance</b>											
Investment revenue	10,241,000	(161,000)	10,080,000	-	-	10,080,000	10,118,980	38,980	38,980	100 %	99 %
Transfers recognised - operational	129,293,145	(5,151,558)	124,141,587	-	-	124,141,587	123,583,592	(557,995)	(557,995)	100 %	96 %
Other own revenue	52,779,000	2,228,681	55,007,681	-	-	55,007,681	944,945	(54,062,736)	(54,062,736)	2 %	2 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>192,313,145</b>	<b>(3,083,877)</b>	<b>189,229,268</b>	-	-	<b>189,229,268</b>	<b>134,647,517</b>	<b>(54,581,751)</b>	<b>(54,581,751)</b>	<b>71 %</b>	<b>70 %</b>
Employee costs	(55,592,665)	(1,014,961)	(56,607,626)	-	-	(56,607,626)	(47,375,660)	9,231,966	9,231,966	84 %	85 %
Remuneration of councillors	(8,331,000)	(59,000)	(8,390,000)	-	-	(8,390,000)	(7,367,077)	1,022,923	1,022,923	88 %	88 %
Depreciation and asset impairment	(2,355,000)	-	(2,355,000)	-	-	(2,355,000)	(2,231,929)	123,071	123,071	95 %	95 %
Transfers and grants	(35,349,000)	1,731,000	(33,618,000)	-	-	(33,618,000)	(17,105,086)	16,512,914	16,512,914	51 %	48 %
Other expenditure	(97,850,096)	(2,407,386)	(100,257,482)	-	-	(100,257,482)	(60,648,089)	39,609,393	39,609,393	60 %	62 %
<b>Total expenditure</b>	<b>(199,477,761)</b>	<b>(1,750,347)</b>	<b>(201,228,108)</b>	-	-	<b>(201,228,108)</b>	<b>(134,727,841)</b>	<b>66,500,267</b>	<b>66,500,267</b>	<b>67 %</b>	<b>68 %</b>
<b>Surplus/(Deficit)</b>	<b>(7,164,616)</b>	<b>(4,834,224)</b>	<b>(11,998,840)</b>	-	-	<b>(11,998,840)</b>	<b>(80,324)</b>	<b>11,918,516</b>	<b>11,918,516</b>	<b>1 %</b>	<b>1 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>(7,164,616)</b>	<b>(4,834,224)</b>	<b>(11,998,840)</b>	-	-	<b>(11,998,840)</b>	<b>(80,324)</b>	<b>11,918,516</b>	<b>11,918,516</b>	<b>1 %</b>	<b>1 %</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	5,434,000	1,668,500	7,102,500	-	-	7,102,500	1,992,684	(5,109,816)	(5,109,816)	28 %	37 %
<b>Sources of capital funds</b>											
Internally generated funds	(5,434,000)	(1,668,500)	(7,102,500)	-	-	(7,102,500)	(1,992,684)	5,109,816	5,109,816	28 %	37 %

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MIFMA)	Final adjustments (i.t.o. council approved policy)	Shifting of funds (i.t.o. MFMA)	Virement (i.t.o. council approved policy)	Final budget outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Cash flows</b>										
Net cash from (used) operating	(18,250,000)	(1,718,000)	(19,968,000)	-	-	(19,968,000)	(7,165,634)	12,802,366	36 %	39 %
Net cash from (used) investing	(5,094,000)	-	(5,094,000)	-	-	(5,094,000)	(2,016,032)	3,077,968	40 %	40 %
Net cash from (used) financing	-	-	-	-	-	-	82,470,812	82,470,812	DIV/0 %	DIV/0 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(23,344,000)</b>	<b>(1,718,000)</b>	<b>(25,062,000)</b>	<b>-</b>	<b>-</b>	<b>(25,062,000)</b>	<b>73,289,146</b>	<b>98,351,146</b>	<b>(292)%</b>	<b>(314)%</b>
Cash and cash equivalents at the beginning of the year	91,519,145	-	91,519,145	-	-	91,519,145	62,260,862	(29,258,283)	68 %	68 %
<b>Cash and cash equivalents at year end</b>	<b>68,175,145</b>	<b>(1,718,000)</b>	<b>66,457,145</b>	<b>-</b>	<b>-</b>	<b>66,457,145</b>	<b>135,550,008</b>	<b>(69,092,863)</b>	<b>204 %</b>	<b>199 %</b>

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# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Accounting Policies

Figures in Rand	Note(s)	2021	2020
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### 1. Presentation of Group Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

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

#### 1.1 Presentation currency

These group annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.2 Going concern assumption

These group annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Basis for preparation

##### Statement of compliance

The annual financial statements have been prepared in accordance with the Standard of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance.

These accounting policies are consistent with the previous period.

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of the GRAP 3. These accounting policies and the applicable disclosures have been based on the International Financial Reporting Standards and the International Public Sector Accounting Standards (IPSA), where applicable, in terms of Directive Five including any interpretations of such Statements issued by the Accounting Practice Board. Certain accounting policies have been developed with reference to the MFMA, for e.g. unauthorised expenditure, irregular expenditure, and fruitless and wasteful expenditure policies.

These accounting policies have been applied to ensure that the financial statements provide information that is relevant to the decision-making needs of the users and are reliable.

##### Offsetting

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

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

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

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

In the process of applying these accounting policies, management has made the following judgement that may have a significant effect on the amounts recognised in the annual financial statements.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Accounting Policies

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

#### Judgements

In process of applying these accounting policies, management has made the following judgement that may have a significant effect on the amounts recognised in the annual financial statements.

#### Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies, the following estimates were made

#### Receivables from exchange and non-exchange transactions

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

The impairment for Receivables from exchange and non-exchange transactions is calculated based on the grading of category of debtors according to their payment history. An accumulation of arrear balances is an indicator of debtor delinquency. Such debtors are provided for as they are considered to be impaired due to uncertainty surrounding the recoverability of the outstanding amounts.

#### Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amount that will be required in future to settle the provision, management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes.

Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

#### Post-retirement benefits

The present value of the post-retirement medical aid benefit depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future salary increase, mortality rates and future medical increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Other key assumptions for post-retirement medical aid benefit are based on current market conditions. Additional information is disclosed in Note 16.

#### Effective interest rate

The municipality used the prime interest rate less 0.5% to discount future cash flows.

#### Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles, so that the effect of any impairment on a group of receivables would not differ materially from the impairment, that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about probability of recovery of the debtors based on their past payment history and risk profile.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Accounting Policies

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

#### Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value, management considers the impact of technology and minimum service requirements of the assets.

#### Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied as per determination of the binding agreement entered into annually with the local municipality.

Additional information is disclosed in Note 42.

### 1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rental or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services
- administrative purposes, or
- sale in the ordinary course of operations.

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

#### Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	50 years

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

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

### 1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

The "initial measurement" of property, plant and equipment, upon its "initial recognition" refers to property, plant and equipment's value when the current basis of accounting was first adopted, i.e. 1 July 2005. The "cost" of land and buildings on 1 July 2005 would constitute its fair value at that date as no cost is available. The "cost" of other assets would be its carrying amount (cost less accumulated depreciation) as at that date on the assumption that the carrying amounts represents the asset's fair value at 1 July 2005 if the asset was acquired prior to this date.

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

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Item		Useful life
Land		Indefinite
Buildings	Straight-line	50 years
Furniture and fixtures	Straight-line	7 - 15 years
Motor vehicles	Straight-line	5 - 10 years
Office equipment	Straight-line	2 - 10 years
IT equipment	Straight-line	2 - 10 years
Bins and containers	Straight-line	5 - 10 years
Specialised vehicles	Straight-line	5 - 20 years
Specialised plant and equipment	Straight-line	5 - 15 years

The introduction of the new Municipal Chart of Accounts has resulted in a few changes within the classification of property, plant and equipment. The change does not specifically require a reclassification as the balance of property, plant and equipment is consistent with the prior year and does not affect presentation on the Statement of Financial Position:

- Furniture and fixtures have been consolidated with Office Equipment; and
- Specialised vehicles have been consolidated with Motor vehicles

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

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

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

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

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

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

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of the asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

A reversal of an impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Where a reversal occurs, the recoverable amount is limited to the carrying amount where no impairment occurred.

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

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

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

### 1.7 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

Intangible assets are initially recognised at costs.

An intangible asset acquired at no or nominal cost will be measured at fair value at the date of acquisition.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost will be measured at fair value at the date of acquisition.

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### 1.7 Intangible assets (continued)

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

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Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 - 5 years

Intangible assets are derecognised:

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

### 1.8 Heritage assets

Assets are resources controlled by a municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

#### Recognition

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

#### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

#### Impairment

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

#### Derecognition



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### 1.8 Heritage assets (continued)

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.9 Financial instruments

#### Classification

The municipality classifies financial assets and financial liabilities into the following categories

Financial assets at amortised cost

Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or loss, which shall not be classified out of the fair value through surplus or loss category.

#### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an residual interest instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for residual interest investments for which a fair value is not determinable, which are measured at cost.

For financial instruments which are not at fair value, transaction costs are included in the initial measurement of the instrument.

#### Subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

#### Impairment and uncollectibility of financial assets

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

#### Financial assets measured at amortised cost:

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

#### Financial assets measured at cost:

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### 1.9 Financial instruments (continued)

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

#### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

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

#### Derecognition of financial assets

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

> the rights to receive cash flows from the asset have expired;

> the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset.

#### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

#### Cash and cash equivalents

Cash includes cash on hand and cash held at banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents are classified as "Financial assets at amortised cost" and are initially measured at cost. Subsequent measurement is at amortised cost.

#### Short-term investments

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at amortised cost are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Financial assets at amortised cost, receivable within 3 months are included in cash and cash equivalents in the Statement of Financial Position.

Investments are initially measured at fair value and subsequently at amortised cost.

#### Receivables from exchange and no-exchange transactions

Receivables are classified as "Financial assets at amortised cost" and are initially recognized at the fair value. Subsequent measurement is at amortised cost. An estimate is made of doubtful receivables based on a review of outstanding amounts at year end. Bad debts are written off during the year in which they are identified based on the assessment on the recoverability of the receivable. Amounts that are receivable within 12 months from the reporting date are classified as current.

#### Payables from exchange transactions

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### 1.9 Financial instruments (continued)

Payables are classified as "Financial liabilities at amortised cost" and are initially recognized at the fair value of the present obligation of a past event. Subsequent measurement is at amortised cost.

### 1.10 VAT

The municipality accounts for Value Added Tax on the invoice basis.

The municipality is liable to account for VAT at the standard rate (15%) in terms of section 7 (1) (a) of the VAT Act, in respect of the supply of goods or services except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes.

VAT is submitted on a monthly basis to SARS.

#### Measurement

Initial measurement is at cost. Subsequent measurement is at amortised cost.

#### Derecognition

VAT is derecognised when the net payment is paid or received from SARS, whichever is applicable when the VAT return is presented.

### 1.11 Leases

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

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

#### **Operating leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

#### **Operating leases - lessee**

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

### 1.12 Employee benefits

#### **Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered) is recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

#### Accrued leave pay

The leave pay accrual is calculated taking into account the actual number of days accrued and the remuneration as at 30 June.

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## Accounting Policies

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### 1.12 Employee benefits (continued)

#### Post-employment benefits

The municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the municipality for the remaining 70%. The medical aid contributions are charged to the Statement of Financial Performance as they fall due.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefit contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

The municipality's net obligation in respect of defined benefit retirement and post retirement plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. These benefits are discounted to determine their present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The actuarial valuation is performed by an independent qualified actuary on a regular basis, using the projected unit credit method. When the calculation results in a benefit to the municipality, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. The actuarial gain is transacted in full in the Statement of Financial Performance and not calculated and accounted for according to the "corridor" method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the Statement of Financial Performance on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Statement of Financial Performance.

### 1.13 Provisions

Provisions are recognised when: the municipality has a present obligation as a result of a past event;

it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and a reliable estimate can be made of the obligation.

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

Provisions are not recognised for future operating surplus (deficit).

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

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

A contingent liability is a possible obligation depending on whether some uncertain future event occurs not wholly within the control of the municipality, or a present obligation but payment is not probable or the amount cannot be measured reliably.

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

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### 1.14 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

### 1.15 Revenue from exchange transactions

Donations are recognised on a cash receipt basis, or where the donation is in the form of property, plant and equipment, at the fair value of the asset at the date of acquisition.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received, but the municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act no. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

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

### 1.16 Revenue from non-exchange transactions

Donations are recognised on a cash receipt basis, or where the donation is in the form of property, plant and equipment, at the fair value of the asset at the date of acquisition.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received, but the municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act no. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

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

### Grants, transfers and donations

#### Unconditional grants and receipts

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the asset recognition criteria have been met, as assets in the reporting period in which they are received or receivable.

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

#### Conditional grants and receipts

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

### 1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.18 Borrowing costs

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

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

### 1.19 Accounting by principals and agents

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

#### Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

#### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

#### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

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### 1.19 Accounting by principals and agents (continued)

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### 1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.21 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

### 1.22 Fruitless and wasteful expenditure

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

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

### 1.23 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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### 1.23 Irregular expenditure (continued)

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.24 Budget information

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis.

The approved budget covers the fiscal period from 01/07/2020 to 30/06/2021.

The budget for the economic entity includes all the entities approved budgets under its control.

The Statement of comparative and actual information has been included in the group annual financial statements as the recommended disclosure when the group annual financial statements and the budget are on the same basis of accounting.

### 1.25 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its group annual financial statements.

### 1.26 Events after reporting date

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

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



# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Accounting Policies

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### 1.26 Events after reporting date (continued)

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

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

### 1.27 Unutilised conditional grants

#### Initial recognition

Unutilised conditional grants are reflected on the Statement of Financial Position as a short-term portion of unspent conditional grants. They represent unspent government grants, subsidies and contributions from the public. The following conditions are set for the creation and utilisation of these creditors:

- > The grant received is initially recognised at cost as unspent conditional grants.
- > Whenever an item of property, plant and equipment is funded from a grant, an amount equal to the purchase price is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue.
- > Whenever operational expenditure is funded from a grant, an amount equal to the expenditure is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue to offset the expenditure which was expensed through the operating account.
- > The cash which backs the unspent portion is invested until utilised.
- > Interest earned on the investment is treated in accordance with grant conditions. If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is not recognised in the Statement of Financial Performance.

The unspent grant is classified as "Financial liabilities at amortised cost".

#### Subsequent measurement

Unspent conditional grants are subsequently measured at amortised cost if material.

#### Derecognition

Unspent conditional grants are derecognised when the balance was expended per the conditions as set for a grant.

### 1.28 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand 2021      2020

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Directive 13: Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training (CET) Colleges	April 1, 2019	The impact of the standard is not material.
GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	April 1, 2019	The impact of the standard is not material.
GRAP 7 (as revised 2010): Investments in Associates	April 1, 2019	The impact of the standard is not material.
GRAP 8 (as revised 2010): Interests in Joint Ventures	April 1, 2019	The impact of the standard is not material.
GRAP 20: Related parties	April 1, 2019	The impact of the standard is not material.
GRAP 105: Transfers of functions between entities under common control	April 1, 2019	The impact of the standard is not material.
GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	April 1, 2019	The impact of the standard is not material.
GRAP 107: Mergers	April 1, 2019	The impact of the standard is not material.
GRAP 108: Statutory Receivables	April 1, 2019	The impact of the standard is not material.
GRAP 109: Accounting by Principals and Agents	April 1, 2019	The impact of the standard is not material.
IGRAP 11: Consolidation – Special purpose entities	April 1, 2019	The impact of the standard is not material.
IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	April 1, 2019	The impact of the standard is not material.
IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	April 1, 2019	The impact of the standard is not material.
IGRAP 19: Liabilities to Pay Levies	April 1, 2019	The impact of the standard is not material.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

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

GRAP 104 (amended): Financial Instruments	April 1, 2019	Unlikely there will be a material impact
Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS Standards	April 1, 2021	Unlikely there will be a material impact
Guideline: Guideline on Accounting for Landfill Sites	April 1, 2020	Unlikely there will be a material impact
Guideline: Guideline on the Application of Materiality to Financial Statements	April 1, 2020	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	April 1, 2020	Unlikely there will be a material impact
GRAP 34: Separate Financial Statements	April 1, 2020	Unlikely there will be a material impact
GRAP 35: Consolidated Financial Statements	April 1, 2020	Unlikely there will be a material impact
GRAP 36: Investments in Associates and Joint Ventures	April 1, 2020	Unlikely there will be a material impact
GRAP 37: Joint Arrangements	April 1, 2020	Unlikely there will be a material impact
GRAP 38: Disclosure of Interests in Other Entities	April 1, 2020	Unlikely there will be a material impact
GRAP 110 (as amended 2016): Living and Non-living Resources	April 1, 2020	Unlikely there will be a material impact
IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	April 1, 2020	Unlikely there will be a material impact
Directive 7 (revised): The Application of Deemed Cost	April 1, 2020	Unlikely there will be a material impact
GRAP 18 (as amended 2016): Segment Reporting	April 1, 2020	Unlikely there will be a material impact

### 2.2 Standards and interpretations issued, but not yet effective

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2021 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 25 Employee Benefits	Not yet effective	Unlikely there will be a material impact
GRAP 104 Financial Instruments	Not yet effective	Unlikely there will be a material impact

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
<b>3. Receivables from exchange transactions</b>		
Accrued Interest	525,459	746,546
Rental	29,555	107,272
Salaries and Wages Debtors	281,813	270,851
Allowance for impairment	(13,753)	(91,477)
	<b>823,074</b>	<b>1,033,192</b>

### Receivables from exchange transactions past due but not impaired

Receivables from exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2021, R15 802 (2020: R15 794) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	15,802	15,794
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### Receivables from exchange transactions impaired

At 30 June 2021, receivables from exchange of R 0 (2020: R49 312) were impaired and provided for. The amount of the provision was R 0 as at 30 June 2021 (2020: R91 477).

The ageing of these receivables is as follows:

3 to 6 months	-	15,795
Over 6 months	-	75,682

### Reconciliation of provision for impairment of trade and other receivables

Opening balance	(91,477)	(42,165)
Provision for impairment	77,724	(49,312)
	<b>(13,753)</b>	<b>(91,477)</b>

### 4. Receivables from non-exchange transactions

General debtors	3,175,788	2,031,066
Other receivables	15,680	86,080
Prepayments	593,180	579,480
Allowance for impairment	(1,653,459)	(2,018,371)
	<b>2,131,189</b>	<b>678,255</b>

### Receivables from non-exchange transactions past due but not impaired

Receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2021, R12 694 (2020:R12 694) were past due but not impaired.

The amount of R 12,694 is owed by SANRAL for a property disposed of by the municipality. The property is in the process of being transferred to the purchase.

The ageing of amounts past due but not impaired is as follows:

Over 90 days	12,694	12,694
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# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
<b>4. Receivables from non-exchange transactions (continued)</b>		
<b>Receivables from non-exchange transactions impaired</b>		
As of June 30, 2021, other receivable from non-exchange transaction of R1,521,200 (2020: R2,018,371) were impaired and provided for.		
The ageing of these receivables is as follows:		
Over 90 days	1,521,200	2,018,371
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
Opening balance	(2,018,371)	(2,211,767)
Provision for impairment	364,912	193,396
	<b>(1,653,459)</b>	<b>(2,018,371)</b>
<b>5. VAT receivable</b>		
Vat receivable	1,362,080	1,608,645
Provision for impairment	-	(1,113,032)
	<b>1,362,080</b>	<b>495,613</b>
All VAT returns have been submitted by their due dates throughout the year.		
VAT is accounted for on the invoice basis. No discounting was performed. t		
<b>6. Deposits paid</b>		
Deposits - Electricity	5,000	5,000
Deposits - Post Office	9,000	9,000
Deposits - Parking Grace Street	1,410	1,410
	<b>15,410</b>	<b>15,410</b>
<b>7. Short-term investments</b>		
Short-term balances at year-end	100,000,000	187,000,000
All short-term investments that will mature more than 3 months, but less than 12 months after the reporting date, is classified as short-term investment and do not form part of cash and cash equivalents. Refer note 42 for a summary of short-term investment accounts.		
<b>8. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	6,100	6,100
Bank balances	23,666,498	10,467,974
Short-term deposits	112,000,000	51,786,787
	<b>135,672,598</b>	<b>62,260,861</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
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### 8. Cash and cash equivalents (continued)

#### Short-term deposits

Cash and cash equivalents are classified as a financial asset under Loans and receivables at amortised cost. All short term deposits mature within 3 months after the reporting date.

No discounting was performed due to the short term nature of the cash turnover and the fact that all investments earned interest. The fair value cash and cash equivalents approximates their carrying amounts. No cash deposits were ceded as collateral.

The return on Investment for 2021 fluctuates between 3.52% and 7.95%. (2020: 4.24% and 8.63%)

#### Short-term investments

Call Account Deposits	112,000,000	51,786,787
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#### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2021	June 30, 2020	June 30, 2019
ABSA Limited, 32 Govan Mbeki Avenue, Gqeberha, Current Account (Primary account) 1640-000-062	3,393,580	2,823,650	3,330,481	3,539,169	2,832,688	3,330,176
ABSA Limited Call Account 9099288999	112,000,000	23,000,000	30,000,000	112,000,000	23,000,000	30,000,000
ABSA Limited - Current Account (Primary Account - CDDA) - 40-8134-2536	505,870	5,324,579	4,773,076	505,870	5,324,579	4,773,076
ABSA Limited - Call Account (CDDA)- 92-8612-7645	3,213,839	2,325,845	2,218,970	3,213,839	2,332,562	2,218,970
ABSA Limited - Investment Account (CDDA) - 93-5552-0986	16,407,620	28,786,787	-	-	-	-
<b>Total</b>	<b>135,520,909</b>	<b>62,260,861</b>	<b>40,322,527</b>	<b>119,258,878</b>	<b>33,489,829</b>	<b>40,322,222</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand

### 9. Investment property

Cost / Valuation	2021		2020	
	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment
12,643,000	(636,182)	12,006,818	12,643,000	(515,278)
				12,127,722

Investment property

### Reconciliation of investment property - 2021

Investment property

Opening balance	Depreciation	Total
12,127,722	(120,904)	12,006,818

### Reconciliation of investment property - 2020

Investment property

Opening balance	Impairments	Total
12,639,722	(512,000)	12,127,722

No operating expenditure was incurred by the municipality on the investment properties during the current and previous financial year.]

Investment properties are leased mainly to organs of state and the rentals are not market related. The rental revenue received for the year is R 60 563 (2020: R 16 841)

A register containing the information required by section 63 of the Municipal Finance Management Act 56 of 2003 is available for inspection at the registered office of the Sarah Baartman District Municipality.

Refer to appendix A for more details.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand

### 10. Property, plant and equipment

	2021		2020		Carrying value	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation		Accumulated depreciation and accumulated impairment
Land	1,754,636	-	1,754,636	1,754,636	1,754,636	
Buildings	7,246,840	(943,654)	6,303,186	7,246,840	6,431,822	
Plant and machinery	3,708,083	(1,559,322)	2,148,761	2,039,001	518,239	
Motor vehicles	11,243,375	(4,804,879)	6,438,496	11,243,375	7,120,854	
Office equipment	7,775,539	(5,648,722)	2,126,817	5,246,874	2,100,067	
IT equipment	4,364,387	(3,416,362)	948,025	4,659,363	1,041,365	
Bins and containers	98,988	(88,130)	10,858	98,988	18,889	
Work in progress	-	-	-	1,099,008	1,099,008	
<b>Total</b>	<b>36,191,858</b>	<b>(16,461,069)</b>	<b>19,730,779</b>	<b>33,388,085</b>	<b>(13,303,205)</b>	<b>20,084,880</b>

### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfer from Work in progress	Depreciation	Impairment loss	Total
Land	1,754,636	-	-	-	-	-	1,754,636
Buildings	6,431,822	-	-	-	(128,636)	-	6,303,186
Specialised plant and machinery	518,239	125,282	(4)	1,782,673	(245,241)	(237)	2,180,712
Furniture and fixtures	-	-	-	-	-	-	-
Motor vehicles	7,120,854	-	-	-	(714,309)	-	6,406,545
Office equipment	2,100,068	288,352	(601)	-	(285,212)	(1,797)	2,100,810
IT equipment	1,041,365	196,521	(6,952)	-	(254,496)	(2,173)	974,265
Bins and containers	18,889	-	-	-	(8,031)	-	10,858
Work in progress	1,099,008	683,665	-	(1,782,673)	-	-	-
<b>Total</b>	<b>20,084,881</b>	<b>1,293,820</b>	<b>(7,557)</b>	<b>(1,782,673)</b>	<b>(1,635,925)</b>	<b>(4,207)</b>	<b>19,731,012</b>



# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand

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

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	1,754,636	-	-	-	-	1,754,636
Buildings	7,212,912	-	-	(12,881)	(768,209)	6,431,822
Specialised plant and machinery	602,678	-	-	(80,043)	(4,396)	518,239
Motor vehicles	6,535,386	1,683,512	(331,879)	(765,683)	(482)	7,120,854
Office equipment	2,173,865	276,820	(5,690)	(337,636)	(7,292)	2,100,068
IT equipment	1,182,977	292,265	(209)	(409,685)	(23,983)	1,041,365
Bins and containers	26,921	-	-	(8,032)	-	18,889
Work in progress	-	1,099,008	-	-	-	1,099,008
	<b>19,489,375</b>	<b>3,351,605</b>	<b>(337,778)</b>	<b>(1,613,960)</b>	<b>(804,362)</b>	<b>20,084,881</b>

#### Reconciliation of Work-in-Progress 2021

Included within Specialised Plant and Machinery	Total
1,782,673	1,782,673

Transferred to completed items

#### Reconciliation of Work-in-Progress 2020

Included within Other PPE	Total
1,099,008	1,099,008

Additions/capital expenditure

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

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Figures in Rand

2021

2020

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

The introduction of the new Municipal Chart of Accounts has resulted in a few changes within the property, plant and equipment note. The changes does not specificallu require a reclassification as the balance of property, plant and equipment is consistent with the prior year and does not affect presentation of the Statement of Financial Position:

- Furniture and Fittings have been consolidated with Office Equipment; and
- Specialised vehicles have been consolidated with Motor vehicles.

Therefore, no reclassification was considered necessary.

There are no assets on the fixed asset register that are fully depreciated and still in use. All assets that are fully depreciated or impaired are separately located and will be disposed of in terms of a Council resolution.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Refer to appendix A for more details.

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
 Group Annual Financial Statements for the year ended June 30, 2021  
**Notes to the Group Annual Financial Statements**

Figures in Rand

**11. Intangible assets**

	2021		2020	
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment
3,477,516	(2,617,447)	860,069	2,842,189	(2,213,438)
				628,751

Computer software

**Reconciliation of intangible assets - 2021**

Opening balance	Additions	Amortisation	Total
628,751	722,212	(490,894)	793,583

Computer software

**Reconciliation of intangible assets - 2020**

Opening balance	Additions	Amortisation	Total
699,063	301,545	(371,857)	628,751

Computer software

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
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### 11. Intangible assets (continued)

#### Computer software

##### Financial Systems (APPX)

The financial system was initiated through an annual licence with no initial purchase price. The software was then internally developed to meet the financial and other processing requirements of the municipality. In January 2020, Council approved the change of financial system from Sage Evolution to the in-house owned APPX Financial System with effect from 1 July 2020. Certain modules of the APPX Financial System were further developed to ensure that the municipality meets the Municipal Standard Chart of Accounts requirements before the 2020/21 financial year. The costs of this development were capitalised to the cost of computer software.

##### mSCOA Budget System (APPX)

An mSCOA compliant budget mode was developed on the in-house APPX system in order to ensure that the municipality meets Municipal Standard Chart of Accounts requirements before the 2020/21 financial year. The costs of this development were capitalised to the cost of computer software.

##### Performance Management System

The performance management system was developed internally with the use of a consultant. The asset meets the definition of an intangible asset, but does not meet the recognition criteria as the internal cost cannot be measured reliably. The cost of the consultant however amounted to R258,959.00. This amount has not been capitalised to the cost of the computer software.



# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
<b>13. Long-term receivables</b>		
Disciplinary action recoveries	138,191	150,197
Classified as a financial asset and measured at amortised cost.		
<b>14. Payables from exchange transactions</b>		
Accrued annual bonus	1,019,659	730,506
Accrued expenses	3,998,287	5,517,965
Accrued leave pay*	3,188,014	2,696,113
Makana Municipality - MIG Interest	3,292,815	3,292,815
Payments in advance - Other	424,896	264,785
Trade payables	896,342	369,949
Unidentified deposits	2,300	300
Employee costs	74,068	190
Other payables	5,000	-
	<b>12,901,381</b>	<b>12,872,623</b>

\* Not financial instruments.

Normal terms of repayment is 30 days and no discounting was calculated.

### Makana Municipality - MIG Interest

The MIG grant allocation of Makana Local Municipality was transferred to SBDM in prior years to ensure proper management of the grant funds in terms of the MFMA and the grant conditions. A Service Level Agreement (SLA) was entered into between the SBDM and Makana Local Municipality to manage the proper disbursement of the MIG allocation as well as the approved rollover amount. The grant was fully spent during the 2018/19 financial year. In terms of the SLA, the interest that accrues on the funds administered by SBDM on behalf of Makana Municipality, should be utilised for infrastructure projects of Makana Municipality. Makana Municipality has not submitted any claims to SBDM in this regard during the 2020/21 financial year.

### Payments in Advance - Other

When the roadworks, emergency medical services and health function was transferred to the Province, the municipality was requested to administer the payments to pensioners as the provincial system could not accommodate past employees. An agreement was entered into between the municipality and Province whereby Province would pay the pensioners' annual amount to the municipality and the municipality would administer the monthly payments. Included in payments in advance - other is an amount of R424 896 (2020: R264 785) relating to the payments to pensioners.

## 15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

<b>Unspent conditional grants and receipts</b>		
Rural Roads Asset Management Grant	811,681	1,107,990
Municipal Disaster Relief Grant	-	280,663
Finance Management Grant	169,532	-
Expanded Public Works Program (EPWP)	63,858	-
Somerset Industrial Park	12,210,928	28,636,751
Dakawa Project Grant	5,185	5,185
	<b>13,261,184</b>	<b>30,030,589</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
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### 15. Unspent conditional grants and receipts (continued)

See note 19 for the disclosure requirements in terms of section 123(1) of the MFMA. A complete list of all conditions are available for viewing at the municipality during office hours.

An application for the rollover of the balance was made by the municipality to National Treasury in accordance with MFMA Circular 99.

### 16. Employee benefit obligations

#### Post Retirement fund benefits

The municipality's post-employment medical benefit is a post-employment defined benefit plan and consists of a commitment to pay a portion of the pensioners' post-employment medical scheme contributions. This benefit is also generated in respect of dependents who are offered continued membership of the medical scheme on the death of the primary member.

SBDM is committed to pay subsidies broadly as follows:

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

All continuation members and their eligible dependants receive a 70% subsidy. Upon a member's death-in-service or death-in-retirement, the surviving dependants will continue to receive the same subsidy

The municipality's net obligation in respect of post employment medical benefit was calculated by One Pangaea Expertise & Solutions. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post employment medical benefits. The expected future outflows is depend upon the life expectancy or existing members and their spouses.

70 Principle members are currently covered by the fund (2020: 77)

#### Valuation method

The death in-service benefit is regarded as a post employment liability under the requirements of the Standards of GRAP 25.

#### Post retirement benefits

The method of accrual that has been used in the valuation is based on the length of service of the valuation date relative to the total potential service until the expected retirement date. The future-service liability is the difference between the total liability and the past-service liability.

#### Accrued defined benefit obligation

The accrued liability is the value of the employer's share of the contribution-based liability.

#### Current service cost

The current costs for the following year is determined as the amount assumed to accrue to the member over the twelve months.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
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### 16. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follows:

<b>Carrying value</b>		
Long-term portion of post-employment medical benefit	(58,605,589)	(53,433,814)
Short-term portion of post-employment medical benefit	(4,594,263)	(4,976,212)
	<u>(63,199,852)</u>	<u>(58,410,026)</u>
Non-current liabilities	(58,605,589)	(53,433,814)
Current liabilities	(4,594,263)	(4,976,212)
	<u>(63,199,852)</u>	<u>(58,410,026)</u>

There are no assets set aside for long service bonus awards funding that qualify as plan assets in terms of the requirements of GRAP 25. As such a valued of R0 has been ascribed to the fair value of plan assets

The funded status is calculated by comparing the accrued liabilities, as at the valuation date, with the plan assets held. The funded status, as at valuation dates, is shown below.

<b>Accrued liability</b>	(63,199,852)	(58,410,026)
Post-employment medical benefit		
<b>Plan assets</b>		

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	58,410,026	60,051,936
Contributions (benefits) paid	(4,529,188)	(4,585,850)
Current service costs	626,302	741,867
Actuarial loss/(gain)	2,636,368	(3,027,786)
Interest costs (discounting)	6,056,344	5,229,859
	<u>63,199,852</u>	<u>58,410,026</u>

The estimated expected timing of resulting outflows of post employment medical benefits are:

Within one year	4,594,263	4,976,212
Later than one year, not later than five years	13,785,789	14,928,636
Later than five years	44,819,800	38,505,178
	<u>63,199,852</u>	<u>58,410,026</u>

Accumulative actuarial gains and losses

Balance at the beginning of the year	(3,856,593)	(828,807)
Projected during the year	2,636,368	(3,027,786)
	<u>(1,220,225)</u>	<u>(3,856,593)</u>

The present value of the defined benefit obligation for the current annual period compared to the previous four annual periods are as follows:

Financial period 2016/2017	59,864,357
Financial period 2017/2018	58,523,945
Financial period 2018/2019	60,051,936
Financial period 2019/2020	58,410,026
Financial period 2020/2021	63,199,852
	<u>-</u>



# SARAH BAARTMAN DISTRICT MUNICIPALITY

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## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
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### 16. Employee benefit obligations (continued)

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.74 %	10.83 %
Consumer price inflation	5.61 %	5.50 %
Health care cost inflation	7.11 %	7.00 %
Maximum subsidy inflation rate	2.46 %	3.58 %

The discount rate was determined by using the Bond Exchange Zero Coupon Yield as at 30 June 2021 is 9.74% per annum, and the yield on the inflation-linked bonds of similar terms was 3.44% per annum, implying an underlying expectation of inflation of 5.61% per annum.

A healthcare cost inflation rate of 7.11% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

### 17. Employee benefits

#### Reconciliation of employee benefits - 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	904,411	1,399,111	(353,973)	(751,936)	1,197,613
Long service bonus	414,184	635,426	(245,989)	(168,195)	635,426
	<b>1,318,595</b>	<b>2,034,537</b>	<b>(599,962)</b>	<b>(920,131)</b>	<b>1,833,039</b>

#### Reconciliation of employee benefits - 2020

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	645,530	878,947	(87,006)	(533,060)	904,411
Long service bonus	355,408	414,184	(160,817)	(194,591)	414,184
	<b>1,000,938</b>	<b>1,293,131</b>	<b>(247,823)</b>	<b>(727,651)</b>	<b>1,318,595</b>

#### Performance bonus

Performance bonus are calculated based on performance agreements, which are linked to key performance indicators in the performance plans of the Municipal Manager and Directors. The key performance indicators are directly linked to the Service Delivery and Budget Implementation Plan. Bonuses are expected to be paid during the following year dependent on the outcome of the performance reviews and council approval. No performance reviews were done since the 2017/18. Reviews are planned to take place in the 2021/22 financial year and the expected performance bonuses have been included in the employee benefit.

#### Long service bonus

Long service bonuses are calculated based on South African Local Government Association regulations. These bonuses are payable in the financial year in which the employee reach the required number of years of service.

### 18. Accumulated surplus

The accumulated surplus is reserved for the following purposes:

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
<b>18. Accumulated surplus (continued)</b>		
General	197,438,725	197,519,049
General	154,177,542	137,488,460
Relocation costs allocated to surplus	30,000,000	30,000,000
Unspent conditional grants	13,261,183	30,030,589
	<b>197,438,725</b>	<b>197,519,049</b>
<b>19. Government grants and subsidies</b>		
<b>Operating grants</b>	101,462,000	93,464,000
Equitable share	22,121,591	2,730,382
Grant funding - expenditure reimbursement	<b>123,583,591</b>	<b>96,194,382</b>
<b>Conditional and Unconditional</b>		
The following conditional grant was received by the municipal entity from the Provincial Economic Stimulus Fund:		
Somerset East Industrial Park Grant	30,791,992	28,786,786
Conditions met - transferred to revenue	(17,520,009)	(150,035)
	<b>13,271,983</b>	<b>28,636,751</b>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to finance the operations of the institution		
The 2020 National Supplementary Budget was delivered by the Minister of Finance in Parliament on the 24 June 2020. The 2020 Supplementary Budget responded to the COVID-19 pandemic and its impact on the economy. This includes the R20 billion allocation for local government announced by the President to assist in funding COVID-19 expenditure. This allocation consists of R11 billion added to the local government equitable share and just over R9 billion that was repurposed for the provision of water and sanitation and for sanitising public transport facilities within existing grant allocations to local government. The municipality received an additional of R4 287 000 in Equitable share as a result of the National Supplementary Budget. An amount of R2 400 000 has been budgeted for Covid-19 related projects. The expenditure in relation to this allocation is disclosed in Note 25.		
<b>DORA</b>		
Balance unspent at beginning of year	1,388,653	3,969,000
Current-year receipts	4,258,000	-
Conditions met - transferred to revenue	(4,601,582)	(2,580,347)
	<b>1,045,071</b>	<b>1,388,653</b>

Conditions still to be met - remain liabilities (see note 15).

The following conditional grants were received through the DORA allocation during the financial year:  
 R 1 000 000 - Finance Management Grant (FMG)  
 R 2 258 000 - Rural Roads Asset Management Grant (RAMMS)  
 R 1 000 000 - Expanded Public Works Programme (EPWP)

Refer to Note 44 for Disclosure of Grants and Subsidies in terms of Section 123 Of MFMA, 56 of 2003.

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
 Group Annual Financial Statements for the year ended June 30, 2021

**Notes to the Group Annual Financial Statements**

Figures in Rand	2021	2020
<b>20. Other revenue</b>		
Contribution from skills development fund	53,508	75,596
Job evaluation fees	301,333	332,285
Other income	9,900	42,542
Settlement discount received	29,659	28,959
Tender Deposit	956	22,537
	<b>395,356</b>	<b>501,919</b>

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
Group Annual Financial Statements for the year ended June 30, 2021

**Notes to the Group Annual Financial Statements**

Figures in Rand	2021	2020
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**21. Employee related costs**

Remuneration of employees	47,375,660	42,939,661
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The remuneration of employees are determined in accordance with the task grade and the applicable notch allocated to the employees in their positions. The municipality is graded as a Category 5 municipality which effects the remuneration ranges of positions of employees. The municipality operates in accordance with the Collective Agreements entered into between the municipality and Bargaining Council.

**Remuneration of Municipal Manager**

Annual Remuneration	1,223,448	1,237,442
Car Allowance	156,000	156,000
Cellphone allowance	7,200	-
Contributions to UIF, Medical and Pension Funds	13,866	-
Travel and subsistence	-	71,641
	<b>1,400,514</b>	<b>1,456,083</b>

Mr DM Pillay was appointed on 1 March 2017 as Municipal Manager for a period of 5 years.

**Remuneration of the Director: Finance and Corporate Services**

Annual Remuneration	793,107	782,694
Car Allowance	52,488	90,000
Cellphone allowance	4,500	-
Contributions to UIF, Medical and Pension Funds	11,871	-
	<b>861,966</b>	<b>872,694</b>

Mrs K Abrahams was appointed as Director: Finance and Corporate Services on 1 September 2020 for 5 years. The current year remuneration therefore reflects a period of 10 months. The prior year remuneration reflects a period of 9 months only as Mr R Lorgat, the previous Director: Finance and Corporate Services resigned on 31 March 2020.

**Remuneration of the Director: Infrastructure Development and Community Services**

Annual Remuneration	1,007,460	1,027,430
Car Allowance	120,000	120,000
Cellphone allowance	6,000	-
Contributions to UIF, Medical and Pension Funds	12,107	-
	<b>1,145,567</b>	<b>1,147,430</b>

Ms T Betha was appointed on 1 January 2018 as Director: Infrastructure Development and Community Services for a period of 5 years.

**Remuneration of the Director: Planning and Economic Development**

Annual Remuneration	1,007,460	1,027,654
Car Allowance	120,000	120,000
Cellphone allowance	6,000	-
Contributions to UIF, Medical and Pension Funds	12,420	-
	<b>1,145,880</b>	<b>1,147,654</b>

Ms U Daniels was appointed on 1 January 2018 as Director Planning and Economics Development for a period of 5 years.

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
Group Annual Financial Statements for the year ended June 30, 2021

**Notes to the Group Annual Financial Statements**

Figures in Rand	2021	2020
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**21. Employee related costs (continued)**

**Remuneration of the Chief Executive Officer**

Annual Remuneration	1,177,326	1,108,000
Car Allowance	130,477	140,000
Performance Bonuses	65,495	156,093
Travel re-imburement	-	5,201
Leave accrued	197,690	170,435
	<b>1,570,988</b>	<b>1,579,729</b>

Dr SL Blouw was appointed as Chief Executive Officer on 1 September 2018 for a period of 3 years.

**22. Remuneration of councillors**

Executive Mayor	944,021	1,009,347
Speaker	761,281	760,842
Portfolio Councillor: Special Programmes	716,458	737,033
Portfolio Councillor: Finance	717,086	741,066
Portfolio Councillor: Corporate Services	716,453	691,246
Portfolio Councillor: Infrastructure Development and Community Services	717,086	740,873
Portfolio Councillor: Planning and Economic Development	717,086	738,571
District Councillors	1,890,817	2,112,109
Board members	186,788	66,900
	<b>7,367,076</b>	<b>7,597,987</b>

**In-kind benefits**

The Executive Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.

The Executive Mayor and Mayoral Committee Members are full-time Councillors and are provided with offices and secretarial support at the costs of the council. The salaries, allowances and benefits of the councillors of the municipality are within the upper limits of the framework envisaged in section 2019 of the constitution.

The disclosed amounts relates directly to the amount paid to the Councillors allocated to the specific Portfolio.

**23. Repairs and maintenance**

Repairs and maintenance - Grounds & Buildings	331,977	272,532
Repairs and maintenance - Plant and machinery	365,868	241,969
Repairs and maintenance - Computer equipment	54,126	37,740
Repairs and maintenance - Furniture and office equipment	9,783	-
	<b>761,754</b>	<b>552,241</b>

**24. Conditional grants expenditure and other grants and subsidies paid**

Under conditional grant expenditure	3,631,757	1,393,763
Under employee costs	430,467	170,677
Under contracted services and general expenses	400,000	721,150
<b>Total conditional grants and subsidies paid</b>	<b>4,462,224</b>	<b>2,285,590</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

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## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
<b>24. Conditional grants expenditure and other grants and subsidies paid (continued)</b>		
<b>Other subsidies</b>		
Sundries	128,076	328,183
Fire services subsidies	4,475,298	6,464,675
Environmental health subsidies	8,869,955	11,130,000
	<b>18,473,329</b>	<b>17,922,858</b>
<b>25. General expenses</b>		
Advertising	1,102,492	2,226,769
Auditors remuneration	4,131,471	3,802,751
Congress and visits	523,597	2,398,349
Legal expenses	383,581	19,188
Catering	923,276	1,009,429
Insurance	494,294	409,541
Publications	41,399	694,615
Fuel and oil	825,403	716,933
Printing and stationery	939,759	1,259,413
Subscriptions	654,492	633,638
Telephone and fax	172,192	261,780
Training and development	442,581	342,942
Re-imbursive travel	199,480	839,265
Covid 19 - Sanitising public spaces	50,201	-
Covid 19 - Community support	1,634,140	-
Covid 19 - Community awareness	25,500	-
Utilities	954,497	1,066,977
Project costs	32,112,935	9,405,787
Licenses	1,493,041	1,314,265
General - other	1,602,072	1,913,384
	<b>48,706,403</b>	<b>28,315,026</b>
<b>Detailed breakdown for Project Costs with over R500,000.00</b>		
Local tourism support	1,400,000	-
Youth fund	725,000	864,878
WSA support	1,197,335	621,916
Creative industries	683,000	754,300
SMME support programme	1,549,068	763,014
Support to LM's ROADSHOW	1,417,214	-
Improving audit outcomes	2,370,854	2,330,188
Job description writing	944,346	778,355
Fire equipment and machinery assistance	1,309,575	753,053
Fire training for LM's	881,851	-
Distaster management plans	583,879	268,450
War on leaks	500,000	500,000
Aerodome fencing project	604,721	13,290
Somerset industrial park	15,240,623	-
Other project expenditure below R500,000.00 per project	2,705,469	1,758,343
	<b>32,112,935</b>	<b>9,405,787</b>
<b>26. Contracted services</b>		
<b>Outsourced Services</b>		
Consultant - mSCOA system	745,951	548,064
Cleaning Services	402,436	522,790
Internal Auditors	558,684	648,790
Security Services	600,014	851,371

# SARAH BAARTMAN DISTRICT MUNICIPALITY

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## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
<b>26. Contracted services (continued)</b>		
<b>Consultants and Professional Services</b>	169,934	8,717
Professional services	<b>2,477,019</b>	<b>2,579,732</b>
<b>27. Impairment of assets</b>		
<b>Impairments</b>	3,370	804,364
Property, plant and equipment		
In assessing whether there is any indication that the asset may be impaired, the asset was found to be significantly damaged. The recoverable amount of the asset was based on its fair value less costs to sell.	-	512,000
Investment property		
In assessing whether there is any indication that the asset may be impaired, the asset was found to be significantly damaged. The recoverable amount of the asset was based on its fair value less costs to sell.	237	-
Special Equipment		
In assessing whether there is any indication that the asset may be impaired, the asset was found to be significantly damaged. The recoverable amount of the asset was based on its fair value less costs to sell]	600	536,500
Heritage assets		
In assessing whether there is any indication that the asset may be impaired, the asset was found to be significantly damaged. The recoverable amount of the asset was based on its fair value less costs to sell.	<b>4,207</b>	<b>1,852,864</b>
<b>28. Cash (used in) generated from operations</b>		
(Deficit) surplus	(80,325)	4,747,714
<b>Adjustments for:</b>	2,230,327	2,130,447
Depreciation and amortisation	7,556	331,350
Gain on sale of assets	(15,829)	-
Accrued interest income CDDA	22,983	-
Movement in employee benefits CDDA	101,498	-
Leave provision CDDA	4,207	1,852,863
Impairment deficit	(442,636)	968,948
Debt impairment	521,094	(127,011)
Movements in provisions	(197,914)	12,739
Unidentified error CDDA	2,636,368	(3,027,786)
Loss/(gain) on actuarial valuation for post employment medical benefits	626,302	741,867
Service costs	6,056,344	5,229,859
Discounting of post employment medical benefit obligation		
<b>Changes in working capital:</b>	287,842	366,546
Receivables from exchange transactions	-	317,657
Employee benefits	(1,088,024)	166,090
Receivables from non-exchange transactions	(199,555)	(12,098,246)
Payables from exchange transactions	(866,467)	496,759
VAT	(16,769,405)	28,636,751
Unspent conditional grants and receipts	<b>(7,165,634)</b>	<b>30,746,547</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

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## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
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### 29. Contingencies

#### Contingent liabilities incurred relating to interests in other entities

A possible contingent liability exists in respect of a claim of R 200 000 made against the municipality Sunday's River Valley Contractors Association for monies on a housing project that was completed. The matter is being defended.

Claim amounting to R32 781 for damages arising out of a motor vehicle accident. Matter has been referred to the insurers and is being defended

#### Contingent assets

The municipality has no contingent assets in the current and previous financial year.

### 30. Unauthorised expenditure

No unauthorised expenditure was incurred in the current and previous financial years.

### 31. Fruitless and wasteful expenditure

Opening balance as previously reported	204,602	126,462
<b>Opening balance as restated</b>	<b>204,602</b>	<b>126,462</b>
Add: Expenditure identified - current	12,500	86,657
Add: Expenditure identified - prior period	-	2,824
Less: Amounts recoverable - current	(1,440)	-
Less: Expenditure certified as irrecoverable / written off by Council	(5,045)	(972)
Less: Amount written off - prior period	-	(10,369)
<b>Closing balance</b>	<b>210,617</b>	<b>204,602</b>

#### Current year

The municipal entity (Cacadu District Development Agency) incurred an amount of R12 500 in penalties on late submission of the returns to the South African Revenue Services (SARS). The entity has submitted a dispute as a manual submission was done because of the entity experiencing technical problems after the online submission.

#### Prior year

The municipal entity (Cacadu District Development Agency) incurred an amount of R17 970 in penalties on late submission of the EMP 201 to the South African Revenue Services (SARS) in 2020 and an amount of R62 201 in penalties on late submission of the EMP 201 to the South African Revenue Services (SARS) in 2016 financial year.

The municipality incurred expenditure of R6 485 relating to accommodation and flights not utilised, which has been submitted to council for investigation.

There were no criminal or disciplinary steps taken as a result of the fruitless and wasteful expenditure incurred.

#### Amounts recoverable

After the council committee investigations, council adopted the council committee recommendations to recover an amount of R 1440.



# SARAH BAARTMAN DISTRICT MUNICIPALITY

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## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
<b>32. Irregular expenditure</b>		
Opening balance as previously reported	5,045,665	1,547,508
<b>Opening balance as restated</b>	<b>5,045,665</b>	<b>1,547,508</b>
Add: Irregular Expenditure - current	1,718,002	5,015,664
Less: Expenditure certified as irrecoverable / written of by Council	(4,997,281)	(1,517,507)
<b>Closing balance</b>	<b>1,766,386</b>	<b>5,045,665</b>

### Details of irregular expenditure

After the council committee investigation, council adopted the council committee recommendation to write-off an amount of R4 997 281 (2020: R1 517 507) from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable. There were no criminal or disciplinary steps taken as a result of the irregular expenditure incurred.

An amount of R1 718 002 relates to bids/quotes awarded that did not comply with supply chain management regulations which have been submitted to Council for investigation.

Bids/quotes awarded that did not comply with supply chain management regulation	1,718,002	5,015,664
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### 33. Investment revenue

<b>Interest revenue</b>		
Interest received - Investment	9,800,158	16,096,764
Interest received - cash and cash equivalents	318,210	-
Interest received - other	612	-
	<b>10,118,980</b>	<b>16,096,764</b>

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## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
<b>34. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Capital expenditure</b>		
• Approved and contracted for	<u>8,091,419</u>	<u>2,510,826</u>
This committed expenditure relates to capital assets and will be financed by retained surpluses.		
<b>Total capital commitments</b>		
Already contracted for but not provided for	<u>8,091,419</u>	<u>2,510,826</u>
<b>Authorised operational expenditure</b>		
<b>Non-capital expenditure</b>		
• Approved and contracted for	<u>7,416,544</u>	<u>17,092,435</u>
<b>Total operational commitments</b>		
Already contracted for but not provided for	<u>7,416,544</u>	<u>17,092,435</u>
This committed expenditure relates to other commitments and will be financed by conditional grants and retained surpluses.		
The municipality has additional commitments with service providers which were awarded on rate basis and budget availability. These additional commitments are related to services for vehicle maintenance, fuel cards and tracking services, short term insurance, advertising services, financial services support to local municipalities and travel agency services. The value of these commitments cannot be quantified as the commitment is only raised upon the usage of the services.		
<b>Operating leases - as lessor (income)</b>		
<b>Minimum lease payments due</b>		
- within one year	64,474	64,265
- in second to fifth year inclusive	314	424
- later than five years	1	1
	<u>64,789</u>	<u>64,690</u>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

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## Notes to the Group Annual Financial Statements

Figures in Rand 2021 2020

### 35. Risk management

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Stringent cash management procures are in place. These include cash flow forecasting.

A sensitivity analysis has not been performed and included, as the municipality is not exposed to foreign exchange risk. The municipality does not enter into any foreign exchange transactions and since the municipality effects payments on presentation of invoices, no interest rate changes are applicable. It would thus be misleading to provide a sensitivity analysis

The following table details the municipality's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both estimated interest and principal cash flows..

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	9,566,868	-	-	-
At 30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	9,482,292	-	-	-

#### Interest rate risk

The current account and the call account expose the municipality to an interest rate risk on cash flow. Deposits attract interest at a rate that varies according to the prime banking rate.

The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

The interest rates on the fixed deposits are fixed, but varies from investment to investment.

Should the prime rate vary by 1% in either direction, the effect on the cash balance would be R1.9million in either direction

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The municipality only deposits cash with banks which have an equity above R10 billion with a good credit rating.

The most significant concentration of credit risk is the outstanding receivables. Management believes that the allowance for impairment is adequately addresses the credit risk involved.

### 36. Related parties

#### Relationships

Wholly-owned municipal entity  
Post employment benefit plan for employees of a related party of a close family member of key management  
Members of key management (Refer note 21 and 22 for details of key management)

Cacadu District Development Agency (CDDA)  
Hosmed/Key Health, LA Health, Samwumed and Bonitas  
Speaker, Mayoral Committee members, Councillors, Municipal Manager & Directors

The municipal has provided the CDDA with an unconditional grant of R5 000 000 (2020: R6 000 000) to fund its operations. These transactions were eliminated in the consolidated financial statements, as well as conditional grant related transactions.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
<b>37. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Opening balance	(550,212)	(514,226)
Current year subscription / fee	579,170	514,226
Amount paid in advance for the following year	(593,180)	(550,212)
	<u>(564,222)</u>	<u>(550,212)</u>
<b>Audit fees</b>		
Current year audit fees	4,213,827	3,908,932
Amount paid - current year	(4,213,827)	(3,908,932)
	<u>-</u>	<u>-</u>
<b>PAYE, UIF and SDL</b>		
Opening balance	864,418	689,978
Current year payroll deductions	9,815,118	10,800,595
Amount paid	(10,391,106)	(10,481,837)
	<u>288,430</u>	<u>1,008,736</u>
<b>Pension and Medical Aid Deductions</b>		
Current year payroll deductions and Council Contributions	19,550,233	19,642,745
Amount paid - current year	(19,550,233)	(19,647,801)
	<u>-</u>	<u>(5,056)</u>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
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### 37. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Disclosures of awards to person(s) of in the service of the state

#### Awards to close family members of persons in the service of the state 2021

Supplier Name	Name	Relationship to Supplier	Organ of the State	Amount
CHM Vuwani Computer Solution CC	D Monks	Child of Patrick Monks	Clr. Nelson Mandela Bay Municipality	80,362
7 Icons (Pty) Ltd	N Mnyande	Spouse - SP Mnyande	Department of Justice	58,500
Quest Staffing Solution	K Vittee	Sister-in-law	IEC	3,450
Gilgal Development Consulting Engineering & Project Managers	Z Nyila	Spouse MJ Nyila	Nelson Mandela Bay Municipality	9,728
Malwande Construction t/a Miya Electrical	E Ntsukazi	Spouse - T Ntsukazi	SADF	4,272
Fortess Administration (Pty) Ltd	K Vittee	Sister-in-law	IEC	104,798
				261,110

#### Awards to close family members of persons in the service of the state 2020

Supplier Name	Name	Relation to Supplier	Organ of the State	Tota
CHM Vuwani Computer Solution CC	D Monks	Child - Patrick Monks	Clr. Nelson Mandela Bay Municipality	157,207
7 Icons (Pty) Ltd	N Mnyande	Spouse - SP Manyande	Department of Justice	27,000
Quest Staffing Solution	N Ntsukazi	Spouse -T Ntsukazi	SA Post Office	165,874
Gilgal Development Consulting Engineering & Project Management	Z Nyila		Nelson Mandela Bay Municipality	19,752
				369,833

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand	2021	2020
<b>38. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2021</b>		
<b>Financial assets</b>		
	At amortised cost	Total
Cash and cash equivalents	135,672,598	135,672,598
Short term investments	100,000,000	100,000,000
Receivables from exchange transactions	823,074	823,074
Receivables from non-exchange transactions	2,131,189	2,131,189
Deposits paid	15,410	15,410
	<b>238,642,271</b>	<b>238,642,271</b>
<b>Financial liabilities</b>		
	At amortised cost	Total
Payables from exchange transactions	9,676,108	9,676,108
<b>2020</b>		
<b>Financial assets</b>		
	At amortised cost	Total
Cash and cash equivalents	62,259,174	62,259,174
Short-term investments	187,000,000	187,000,000
Receivables from exchange transactions	1,033,192	1,033,192
Receivables from non-exchange transactions	678,255	678,255
Deposit paid	15,410	15,410
	<b>250,986,031</b>	<b>250,986,031</b>
<b>Financial liabilities</b>		
	At amortised cost	Total
Payables from exchange transactions	9,673,896	9,673,896

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand 2021 2020

### 39. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the group annual financial statements.

#### Reasons

Emergency	21,500	272,025
Goods or services are produced or available from a single supplier	691,519	1,257,138
In any other exceptional case where it is impractical to follow supply chain processes	1,646,402	1,763,048
	<u>2,359,421</u>	<u>3,292,211</u>

### 40. Budget differences

#### Material differences between budget and actual amounts

Variances in the budgeted amounts and the actual amounts are considered material when the actual amount is more than 10% than the budgeted amount for both revenue and expenditure as well as where revenue exceeds 5% of the budgeted amount.

The material variances are as follows:

#### *Other own revenue:*

Based on the principles of budgeting, this area is utilised to fund the budget of the municipality and therefore the budgeted amount is high. The amount reflected in the financial statements is however only the actual other revenue received during the year. The variance therefore relates to the portion utilised to balance the revenue budgeted from accumulated surplus.

#### *Employee costs*

The variance of 16% was attributable to vacancies. This has resulted in savings in employee related costs.

#### *Transfers and grants*

The total variance of 34% was mainly attributable underspending of the fire subsidy and fire equipment provided to local municipalities. Monies were not spent at year end as local municipalities did not timeously identify and submit their capital requests to the District municipality.

#### *Other expenditure*

The variance of 43% is mainly due to under-expenditure on own-funded projects. Other factors that contributed to the variance are:

1. reduction in travel and accommodation due to travel restrictions during the National State of Disaster resulting from the Covid pandemic;
2. reduction in repairs and maintenance as expected renovations for the new tenants on the ground floor did not occur due to agreements that still to be concluded with the Department of Public Works.

Another factor that contributed to the underspending is the National State of Disaster resulting from the Covid pandemic.

#### *Capital expenditure*

The variance of 63% is mainly attributed to underspending on ICT capital projects due to lack of sufficient resources in the ICT section.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand

2021

2020

### 41. Segment information

#### General information

#### Identification of segments

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Segment 1	Municipal Manager
Segment 2	Finance and Corporate services
Segment 3	Planning and development
Segment 4	Infrastructure and development
Segment 5	Economic Development - Municipal Entity

#### Segment surplus or deficit, assets and liabilities



# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand

### 41. Segment information (continued)

2021

	Municipal Manager	Finance and Corporate Services	Planning and Development	Infrastructure Development	Economic Development - Municipal Entity	Total
<b>Revenue from exchange transactions</b>						
Rental of facilities and equipment	-	60,563	-	-	-	60,563
Income from agency services	-	46,390	-	-	-	46,390
Interest received - investment	-	9,718,891	-	-	81,713	9,800,604
Gain on disposal of assets	-	442,636	-	-	-	442,636
<b>Revenue from non-exchange transactions</b>						
Government grants and subsidies	25,482,480	77,947,294	-	2,221,139	22,520,009	128,170,922
Other revenue	730,433	392,707	-	-	3,260	1,126,400
<b>Total segment revenue</b>	<b>26,212,913</b>	<b>88,608,481</b>	<b>-</b>	<b>2,221,139</b>	<b>22,604,982</b>	<b>139,647,515</b>
<b>Entity's revenue</b>						<b>139,647,515</b>
<b>Expenditure</b>						
Employee related costs	9,501,806	22,471,261	5,969,426	10,537,838	3,705,180	52,185,511
Remuneration of councilors or board members	8,912,233	-	-	-	186,788	9,099,021
Depreciation and amortisation	225,505	1,247,721	-	722,339	35,212	2,230,777
Impairment of assets	1,768	836	-	-	1,602	4,206
Repairs and maintenance	-	761,754	-	-	-	761,754
Other grants and subsidies paid	5,000,000	-	-	13,345,253	-	18,345,253
Contracted services	-	2,011,839	-	-	-	2,011,839
Conditional grant expenditure	-	866,609	500,000	2,347,789	-	3,714,398
Loss on disposal of Property, Plant and Equipment	7,553	3	-	-	-	7,556
General expenses	3,906,871	13,452,842	5,892,101	6,521,017	17,034,007	46,806,838
Actuarial loss on post employment medical benefit	3,083,392	-	-	-	-	3,083,392
Increase in provisions	-	1,477,295	-	-	-	1,477,295
<b>Total segment expenditure</b>	<b>30,639,128</b>	<b>42,290,160</b>	<b>12,361,527</b>	<b>33,474,236</b>	<b>20,962,789</b>	<b>139,727,840</b>
<b>Total segmental surplus/(deficit)</b>						<b>(80,325)</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended June 30, 2021

## Notes to the Group Annual Financial Statements

Figures in Rand

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### 42. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

#### Details of the arrangement(s) is/are as follows:

The municipality has entered into a Principal-agent relationship with its local municipalities due to the requirements of the National Health Amendments Act, 2013 (Act No. 12 of 2013) for the Environment Health Services.

The entity is the principal then all local municipalities under are the agents.

Local municipalities are given a subsidy to execute the service on behalf of the district. Revenue that is collected by the municipalities is not transferred to the district and the assets that are bought by the subsidy are owned by the local municipality.

#### Entity as principal

#### Resources (including assets and liabilities) of the entity under the custodianship of the agent

The resources have been recognised by the agent in its financial statements.

#### Fee paid

Due to the nature of the SLA with local municipalities the district does not pay a fee for the service nor does it receive money for the services that are rendered on its behalf by the local municipalities.

Revenue that is collected by the local municipalities is not transferred to the district and assets that are bought by the subsidy are owned by the local municipalities.

All payments to the local municipalities are treated as subsidies for the municipalities, refer to **Note 24** for detailed amounts issued.

#### Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

The District municipality incur no costs in the contractual agreement is terminated with the local municipality that it has a Principal-agent relationship with.

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
Group Annual Financial Statements for the year ended 30 June 2021

**Notes to the Annual Financial Statements**

Figures in Rand

**43. Summary of investment Accounts**

FINANCIAL INSTITUTION	ACCOUNT NUMBER	PERIOD MNTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2020/2021	BALANCE 30 JUNE 2021
ABSA	2078793067	12	7.530%	10/8/19	10/6/20	9,000,000	
NEDBANK	03788150148000155	12	7.950%	10/8/19	10/6/20	14,000,000	
FNB	74784655481	12	7.500%	10/8/19	10/6/20	11,000,000	
INVESTEC	JA10167720	12	7.425%	10/8/19	10/6/20	1,000,000	
ABSA	2079231783	6	5.250%	6/3/20	11/30/20	44,000,000	
STANDARD BANK	088430537207	6	4.237%	6/3/20	12/3/20	48,000,000	
FNB	74812884150	6	4.690%	6/3/20	12/3/20	32,000,000	
INVESTEC	JA10360465	6	4.375%	6/3/20	12/3/20	6,000,000	
FNB	74871635619	6	3.740%	10/16/20	4/16/21	9,000,000	
ABSA	2079465201	7	3.750%	10/16/20	5/14/21	8,000,000	
INVESTEC	JA10463107	7	3.525%	10/16/20	5/17/21	10,000,000	
FNB	74880031064	5	4.360%	12/17/20	5/17/21	33,000,000	
NEDBANK	03788150148000156	12	5.150%	6/3/20	6/2/21	22,000,000	
ABSA	2079551117	9	4.130%	12/17/20	9/13/21		39,000,000
<b>CASH AND CASH EQUIVALENTS</b>							<b>39,000,000</b>
NEDBANK	03788150148000157	12	3.850%	10/16/20	10/15/21	13,000,000	13,000,000
INVESTEC	JA10511128	11	4.080%	12/17/21	11/17/21	5,000,000	5,000,000
STANDARD BANK	088430537208	12	4.889%	12/18/20	12/17/21	43,000,000	43,000,000
<b>SHORT TERM INVESTMENTS</b>							<b>61,000,000</b>
<b>BALANCE 30 JUNE 2021</b>							<b>100,000,000</b>

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
Group Annual Financial Statements for the year ended 30 June 2021

**Notes to the Annual Financial Statements**  
Figures in Rand

**44. Conditional grants and receipts**

	UNSPENT BALANCE 30 JUNE 2020 RAND	CONTRIBUTIONS/ ADJUSTMENTS RAND	INTEREST ALLOCATED RAND	VALUE ADDED TAXATION RAND	CURRENT YEAR RECEIPTS RAND	TRANSFER TO REVENUE RAND	CAPITAL EXPENDITURE RAND	UNSPENT BALANCE 30 JUNE 2021 RAND
FINANCE MANAGEMENT GRANT	-	-	-	(52,174)	1,000,000	(778,294)	-	169,533
FIRE SERVICES	1,107,990	-	-	(393,171)	2,258,000	(2,221,139)	-	811,681
FLOOD DAMAGE ROADS	280,663	-	-	(27,325)	-	(126,650)	(126,688)	0
EXPANDED PUBLIC WORKS PROGRAMME	-	-	-	-	1,000,000	(936,142)	-	63,858
DAKAWA PROJECT GRANT	5,185	-	-	-	-	-	-	5,185
SOMERSET EAST INDUSTRIAL PARK GRANT	28,636,751	-	1,094,186	-	-	(16,425,823)	-	12,210,928
	30,030,589	-	1,094,186	-412,669	4,258,000	-20,488,048	-126,688	13,261,184

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
Group Annual Financial Statements for the year ended 30 June 2021

**Notes to the Annual Financial Statements**  
Figures in Rand

45. Disclosure of Grants And Subsidies in terms of Section 123 Of MFMA, 56 of 2003

Name of Grant	Name of Organ of state	Opening Balance	2020/2021			2020/2021			2020/2021 Grants and Subsidies Delayed / Withheld Rand	Reason for delay/ withholding funds	Comply to DORA Y/N	Reason non Compliance	
			Sept	Dec	Mar	Sept	June	Mar					June
			Rand	Rand	Rand	Rand	Rand	Rand					Rand
FINANCE MANAGEMENT GRANT	National Government	-	1,000,000	-	-	596,320	59,623	120,783	169,533	N/A	YES	N/A	
RURAL ROADS ASSET MANAGEMENT GRANT	National Government	1,107,990	1,581,000	-	677,000	476,174	588,387	102,464	1,387,284	811,681	YES	N/A	
MUNICIPAL DISASTER RELIEF GRANT	National Government	280,663	-	-	-	135,661	145,002	-	-	-	YES	N/A	
EXPANDED PUBLIC WORKS PROGRAMME	National Government	-	250,000	-	750,000	-	142,000	229,690	564,512	65,858	YES	N/A	
DAKAWA PROJECT GRANT	National Government	5,185	-	-	-	-	-	-	5,185	-	YES	N/A	
SOMERSET EAST INDUSTRIAL PARK GRANT	National Government	28,636,751	-	1,094,186	-	-	-	-	16,425,823	12,210,923	YES	N/A	
		30,030,589	2,831,000	1,094,186	1,427,000	1,208,156	929,131	381,717	18,498,402	13,281,184			

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
**APPENDIX A**

June 2021

**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2021**  
**Cost/Revaluation**

**Accumulated Depreciation**

	Opening Balance	Revaluations	Additions	Disposals/Transfers	Closing Balance	Opening Balance	Depreciation	Impairment	Disposals	Closing Balance	Carrying Value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Land</b>											
Investment Property	6,082,500.00	-	-	-	6,082,500.00	-	-	-	-	-	6,082,500.00
PPE	1,754,636.37	-	-	-	1,754,636.37	-	-	-	-	-	1,633,732.37
Heritage	13,765,000.00	-	-	-	13,765,000.00	-	-	-	-	-	13,765,000.00
<b>Buildings</b>											
Investment Property	6,560,500.00	-	-	-	6,560,500.00	-	-	-	-	-	6,045,222.22
PPE	7,246,840.22	-	-	-	7,246,840.22	-	-	-	-	-	6,303,185.74
Heritage	2,447,500.00	-	-	-	2,447,500.00	-	-	-	-	-	1,911,000.00
<b>Furniture and Fixtures</b>											
PPE	2,594,713.37	-	17790.37	94,456.85	2,518,046.89	95389.06	93876.12	-1,731.52	-	1,612,890.68	905,156.21
<b>Specialised Vehicles</b>											
PPE	275,158.78	-	-	0	275,158.78	5328.58	37278.39	-	-	181,333.01	83,825.77
<b>Office Equipment</b>											
PPE	2652160.913	-	270561.43	55,909.13	2,866,813.21	189623.87	58889.13	-45.00	-	1,671,392.40	1,195,420.82
<b>Computer Equipment</b>											
Intangible Asset	2,842,189.00	-	722,212.03	-	3,564,401.03	490893.60	-	-	-	2,704,331.60	860,069.43
PPE	4,691,746.55	-	196521.25	323,090.09	4,565,177.71	254496.33	316138.13	-2,172.95	-	3,590,912.37	974,265.34
<b>Bins and Containers</b>											
PPE	98,987.74	-	-	-	98,987.74	8031.50	-	-	-	88,130.09	10,857.65
<b>Motor Vehicles</b>											
PPE	10,968,216.59	-	-	-	10,968,216.59	714308.08	-	-	-	4,623,546.29	6,344,670.30
<b>Specialised Plant and Machinery</b>											
PPE	3,138,009.13	-	808946.84	106899.26	3,840,056.71	239912.80	69516.87	-236.80	-	1,691,294.81	2,148,761.90
	65,118,193.66	-	2,016,031.92	580,355.33	66,553,835.25	2,247,723.84	572,798.64	-4,206.27	-	18,280,167.51	48,273,667.74
						16,601,036.05	2,247,723.84	-	-	18,280,167.51	20,469,945.52
<b>Land</b>											
Buildings	21,602,136	-	-	-	21,602,136	-	-	-	-	-	21,481,232
Furniture and fittings	16,254,840	-	-	-	16,254,840	1,866,796	-	-	-	1,995,432	14,259,408
Office equipment	2,594,713	-	17,790	94,457	2,518,047	1,609,046	93,876	-1,732	-	1,612,891	905,156
Computer equipment	2,652,161	-	270,561	55,909	2,866,813	1,837,393	55,889	-65	-	1,671,392	1,195,421
Bins and containers	7,533,936	-	196,521	323,090	8,129,579	745,390	316,138	-2,173	-	6,295,244	1,834,335
Motor vehicles	98,988	-	-	-	98,988	80,099	-	-	-	88,130	10,858
Specialised plant and machinery	11,243,375	-	808,947	106,899	11,243,375	4,122,521	37,278	-237	-	4,804,879	6,438,496
	3,138,009	-	-	-	3,840,057	1,520,762	239,913	-	-	1,691,295	2,148,762
<b>Total</b>	65,118,193.66	-	1,293,870	580,355.33	66,553,835.25	16,601,036.05	2,247,723.84	-4,206.27	-	18,280,167.51	48,273,667.74

The Fixed Asset Register has been reviewed and reconciled to the General Ledger

Name: \_\_\_\_\_ Sign: \_\_\_\_\_ Date: \_\_\_\_\_

**SARAH BAARTMAN DISTRICT MUNICIPALITY**

**APPENDIX B**

June 2021

**SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2021**

	Cost / Revaluations		Accumulated Depreciation										Carrying Value 30 June 2021 Rand
	Opening Balance 01 July 2020 Rand	Revaluation Rand	Revaluation Rand	Additions Rand	Impairment Rand	Disposals Rand	Closing Balance 30 June 2021 Rand	Opening Balance 01 July 2020 Rand	Depreciation Rand	Depr on Disposal Rand	Impairment Rand	Closing Balance Rand	
Executive and Council	3,166,976	-	15,922	-	-	90,051	3,092,846	1,660,369	161,988	89,915	-1,616	1,784,058	1,358,788
Finance and Admin	53,374,510	-	1,842,756	28130,23	229,887	54,959,249	9,115,237	1,678,305	250,742	-716	10,543,515	44,415,734	
Housing	7,181	-	0	-	0	7,181	6,999	123	0	0	7,122	60	
Planning and Development	3,478,777	-	23,103	-	148,830	3,353,050	2,151,701	221,085	148,705	-1,874	2,225,956	1,127,094	
Public Safety	5,094,740	-	126,688	-	83,456	5,137,972	3,663,290	186,167	83,437	0	3,766,021	1,371,951	
Water	3,537	-	-	-	0	3,537	3,440	56	-	0	3,496	41	
<b>Total</b>	<b>65,125,722</b>	<b>-</b>	<b>2,008,469</b>	<b>28,130</b>	<b>552,225</b>	<b>66,553,836</b>	<b>16,601,036</b>	<b>2,247,724</b>	<b>572,799</b>	<b>-4,206</b>	<b>18,280,168</b>	<b>48,273,668</b>	

DC10 Sarah Baartman - Reconciliation of Table A1 Budget Summary

Description	2020/21							2019/20				
	1	2	3	4	5	6	7	8	9	10	11	12
	Original Budget	Budget Adjustments (i.c. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
<b>R thousands</b>												
<b>Financial Performance</b>												
Property rates	-	-	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-	-	-
Investment revenue	10 000	-	10 000	10 037	-	37	100.4%	100.4%	-	-	-	-
Transfers recognised - operational	101 433	4 492	105 925	106 064	-	139	100.1%	104.6%	-	-	-	-
Other own revenue	52 779	2 229	55 008	942	(54 066)	(54 066)	1.7%	1.8%	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>164 212</b>	<b>6 721</b>	<b>170 933</b>	<b>117 043</b>	<b>(53 890)</b>	<b>(53 890)</b>	<b>68.5%</b>	<b>71.3%</b>				
Employee costs	49 092	2 075	51 167	43 425	-	(7 742)	84.9%	86.5%	-	-	-	-
Remuneration of councillors	8 331	59	8 390	7 180	-	(1 210)	85.6%	86.2%	-	-	-	-
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	2 300	-	2 300	1 948	-	(352)	84.7%	84.7%	-	-	-	-
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	205	205	(205)	-	(205)	66.8%	62.5%	-	-	-	-
Transfers and grants	35 349	(1 731)	33 618	22 105	-	(11 513)	58.3%	63.4%	-	-	-	-
Other expenditure	69 140	6 113	75 253	43 869	-	(31 384)	58.3%	63.4%	-	-	-	-
<b>Total Expenditure</b>	<b>164 212</b>	<b>6 721</b>	<b>170 933</b>	<b>116 517</b>	<b>-</b>	<b>(62 415)</b>	<b>69.3%</b>	<b>72.2%</b>				
<b>Surplus/(Deficit)</b>				<b>(1 475)</b>		<b>(1 475)</b>		<b>#DIV/0!</b>				
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>				<b>(1 475)</b>		<b>(1 475)</b>		<b>#DIV/0!</b>				
Share of surplus / (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>				<b>(1 475)</b>		<b>(1 475)</b>		<b>#DIV/0!</b>				
<b>Capital expenditure &amp; funds sources</b>												
Capital expenditure	-	-	-	127	-	127	#DIV/0!	#DIV/0!	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	5 094	1 719	6 813	1 807	(5 006)	(5 006)	26.5%	35.5%	-	-	-	-
<b>Total sources of capital funds</b>	<b>5 094</b>	<b>1 719</b>	<b>6 813</b>	<b>1 934</b>	<b>(4 879)</b>	<b>(4 879)</b>	<b>28.4%</b>	<b>38.0%</b>				
<b>Cash flows</b>												
Net cash from (used) operating	(16 250)	(1 719)	(19 969)	215	-	20 183	-1.1%	-1.2%	-	-	-	-
Net cash from (used) investing	(5 094)	-	(5 094)	(2 176)	-	2 918	42.7%	42.7%	-	-	-	-
Net cash from (used) financing	-	-	-	(6 586)	-	(6 586)	#DIV/0!	#DIV/0!	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>40 315</b>	<b>(8 331)</b>	<b>38 987</b>	<b>25 815</b>		<b>(12 762)</b>	<b>66.9%</b>	<b>64.0%</b>				<b>63 659</b>

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DC10 Sarah Baartman - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2020/21					2019/20						
	1	2	3	4	5	6	7	8	9	10	11	12
	Original Budget	Budget Adjustments (i.e. MFMA (28))	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
<b>Revenue - Standard</b>												
<b>Governance and administration</b>												
Executive and council	161,554	6,721	168,275	114,821		(53,453)	68.1%	70.9%				
Budget and treasury office	80,292	2,229	82,521	26,213		(56,308)	31.6%	32.6%				
Corporate services	81,662	4,492	86,154	86,608		2,455	102.8%	108.5%				
<b>Community and public safety</b>												
Community and social services	-	-	-	-								
Sport and recreation	-	-	-	-								
Public safety	-	-	-	-								
Housing	-	-	-	-								
Health	-	-	-	-								
<b>Economic and environmental services</b>												
Planning and development	2,258	-	2,258	2,221		(37)	98.4%	98.4%				
Road transport	2,258	-	2,258	2,221		(37)	98.4%	98.4%				
<b>Trading services</b>												
Electricity	-	-	-	-								
Water	-	-	-	-								
Waste water management	-	-	-	-								
Waste management	-	-	-	-								
<b>Other</b>	164,212	6,721	170,933	117,042		(53,890)	68.5%	71.5%				
<b>Total Revenue - Standard</b>												
<b>Expenditure - Standard</b>												
<b>Governance and administration</b>												
Executive and council	75,903	1,693	77,596	66,020	(11,576)	(11,576)	85.1%	87.0%				
Budget and treasury office	29,463	448	29,911	30,639	708	708	102.4%	103.9%				
Corporate services	46,420	1,245	47,665	35,381	(12,284)	(12,284)	74.2%	76.2%				
<b>Community and public safety</b>												
Community and social services	33,728	1,345	35,073	27,881	(27,192)	(27,192)	50.6%	51.9%				
Sport and recreation	9,007	81	9,088	7,003	(2,085)	(2,085)	77.1%	77.8%				
Public safety	28,762	1,059	29,821	8,030	(22,791)	(22,791)	26.1%	27.0%				
Housing	562	-	562	515	(47)	(47)	91.6%	91.5%				
Health	14,397	205	14,602	12,353	(2,269)	(2,269)	84.5%	85.7%				
<b>Economic and environmental services</b>												
Planning and development	26,617	2,663	29,280	17,138	(12,162)	(12,162)	58.5%	64.4%				
Road transport	21,655	2,910	24,565	14,559	(9,946)	(9,946)	59.6%	67.6%				
Environmental protection	4,922	(227)	4,695	2,479	(2,215)	(2,215)	52.8%	50.4%				
<b>Trading services</b>												
Electricity	2,180	400	2,580	2,477	(103)	(103)	96.0%	113.6%				
Water	-	-	-	-								
Waste water management	2,180	400	2,580	2,477	(103)	(103)	96.0%	113.6%				
Waste management	-	-	-	-								
<b>Other</b>	5,764	600	6,364	4,241	(2,143)	(2,143)	66.4%	73.3%				
<b>Total Expenditure - Standard</b>	164,212	6,721	170,933	117,571	(53,176)	(53,176)	68.9%	71.7%				
<b>Surplus/(Deficit) for the year</b>	-	0	0	(715)	(715)	(715)	-443933.5%	#DIV/0!				

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DC10 Sarah Baartman - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2020/21					2019/20						
	1	2	3	4	5	6	7	8	9	10	11	12
	Original Budget	Budget Adjustments (i.t.c. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
<b>Revenue by Vote</b>												
Vote 1 - Executive and Council	80,292	2,433	82,725	25,171		(56,554)	31.6%	32.6%				
Vote 2 - Finance and Corporate Services	81,662	4,287	85,949	87,796		1,847	102.1%	107.5%				
Vote 3 - Planning and Development	-	-	-	-		-	-	-				
Vote 4 - Health	-	-	-	-		-	-	-				
Vote 5 - Public Safety	-	-	-	-		-	-	-				
Vote 6 - Housing	-	-	-	-		-	-	-				
Vote 7 - Roads	2,258	-	2,258	2,221		(37)	98.4%	98.4%				
Vote 8 - Water	-	-	-	-		-	-	-				
Example 9 - Vote9	-	-	-	-		-	-	-				
Example 10 - Vote10	-	-	-	-		-	-	-				
Example 11 - Vote11	-	-	-	-		-	-	-				
Example 12 - Vote12	-	-	-	-		-	-	-				
Example 13 - Vote13	-	-	-	-		-	-	-				
Example 14 - Vote14	-	-	-	-		-	-	-				
Example 15 - Vote15	-	-	-	-		-	-	-				
<b>Total Revenue by Vote</b>	<b>164,212</b>	<b>6,720</b>	<b>170,932</b>	<b>116,188</b>		<b>(54,744)</b>	<b>68.0%</b>	<b>70.8%</b>				
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - Executive and Council	42,014	1,455	43,469	31,556		(11,913)	72.8%	75.1%				
Vote 2 - Finance and Corporate Services	0	2,250	2,250	33,607		31,357	1493.6%	80016666.7%				
Vote 3 - Planning and Development	17,501	7,247	24,748	11,763		(12,985)	47.5%	67.2%				
Vote 4 - Health	14,412	148	14,560	12,252		(2,308)	84.1%	85.0%				
Vote 5 - Public Safety	39,304	2,873	42,177	15,334		(26,843)	36.4%	39.0%				
Vote 6 - Housing	562	-	562	515		(47)	91.6%	91.6%				
Vote 7 - Roads	5,922	380	6,302	2,544		(3,758)	40.4%	43.0%				
Vote 8 - Water	2,180	-	2,180	2,477		297	113.6%	113.6%				
Example 9 - Vote9	-	-	-	-		-	-	-				
Example 10 - Vote10	-	-	-	-		-	-	-				
Example 11 - Vote11	-	-	-	-		-	-	-				
Example 12 - Vote12	-	-	-	-		-	-	-				
Example 13 - Vote13	-	-	-	-		-	-	-				
Example 14 - Vote14	-	-	-	-		-	-	-				
Example 15 - Vote15	-	-	-	-		-	-	-				
<b>Total Expenditure by Vote</b>	<b>121,895</b>	<b>14,353</b>	<b>136,248</b>	<b>110,048</b>		<b>(26,200)</b>	<b>80.8%</b>	<b>90.3%</b>				
<b>Surplus/(Deficit) for the year</b>	<b>42,317</b>	<b>(7,633)</b>	<b>34,684</b>	<b>6,140</b>		<b>(28,544)</b>	<b>17.7%</b>	<b>14.5%</b>				

115,727

DC10 Sarah Baartman - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Appendix D (3)

Description	2020/21					2019/20						
	1	2	3	4	5	6	7	8	9	10	11	12
R thousand	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
<b>Revenue By Source</b>												
Property rates												
Property rates - penalties & collection charges												
Service charges - electricity revenue												
Service charges - water revenue												
Service charges - sanitation revenue												
Service charges - refuse revenue												
Service charges - other												
Rent of facilities and equipment	1,400		1,400	61		(1,339)	4.3%	4.3%				
Interest earned - external investments	10,000		10,000	10,037		37	100.4%	100.4%				
Interest earned - outstanding debtors				443		443	#DIV/0!	#DIV/0!				
Dividends received												
Fines												
Licences and permits												
Agency services	50		50	46		(4)	92.8%	92.8%				
Transfers recognised - operational	101,433	4,492	105,925	106,064		139	100.1%	104.6%				
Other revenue	51,329	2,229	53,558	392		(53,166)	0.7%	0.8%				
Gains on disposal of PPE												
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>184,212</b>	<b>6,721</b>	<b>170,933</b>	<b>117,043</b>		<b>(53,890)</b>	<b>66.5%</b>	<b>71.3%</b>				
<b>Expenditure By Type</b>												
Employee related costs	49,092	2,075	51,167	43,425		(7,742)	84.9%	86.5%				
Remuneration of councillors	8,331	59	8,390	7,180		(1,210)	85.6%	86.2%				
Debt Impairment												
Depreciation & asset impairment	2,300		2,300	1,948		(352)	84.7%	84.7%				
Finance charges												
Bulk purchases												
Other materials		205	205			(205)						
Contracted services	2,300	976	3,276	2,741		(536)	83.6%	119.2%				
Transfers and grants	35,949	(1,701)	33,618	22,105		(11,513)	65.8%	62.5%				
Other expenditure	66,840	5,136	71,976	41,118		(30,858)	57.1%	61.5%				
Loss on disposal of PPE												
<b>Total Expenditure</b>	<b>184,212</b>	<b>6,721</b>	<b>170,933</b>	<b>118,517</b>		<b>(52,416)</b>	<b>68.3%</b>	<b>72.2%</b>				
<b>Surplus/(Deficit)</b>												
Transfers recognised - capital				(1,475)		(1,475)	#DIV/0!	#DIV/0!				
Contributions recognised - capital												
Contributed assets												
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>				<b>(1,475)</b>		<b>(1,475)</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>				
Taxation												
<b>Surplus/(Deficit) after taxation</b>				<b>(1,475)</b>		<b>(1,475)</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>				
Attributable to municipalities												
<b>Surplus/(Deficit) attributable to municipality</b>				<b>(1,475)</b>		<b>(1,475)</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>				
Share of surplus/(deficit) of associate												
<b>Surplus/(Deficit) for the year</b>				<b>(1,475)</b>		<b>(1,475)</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>				

DC10 Sarah Gaertman - Reconciliation of Table 4S Budgeted Capital Expenditure by vote, standard classification and funding Appendix D (4)

Vote Description	2020/21					2019/20						
	Original Budget (1) (2) (MHA/25)	Total Budget Adjustments (1) (2) (MHA/25)	Final adjustments Budget	Actual Outcomes	Unauthorised expenditure	Variance (1) (2) (MHA/25)	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure and Number of cases of MHA	Balance to be recovered	Revised Outcomes
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital expenditure - Vote Multi-use expenditure</b>												
Vote 1 - Executive and Council												
Vote 2 - Finance and Corporate Services												
Vote 3 - Planning and Development												
Vote 4 - Health												
Vote 5 - Public Safety												
Vote 6 - Housing												
Vote 7 - Roads												
Vote 8 - Water												
Example 9 - Vote 9												
Example 10 - Vote 10												
Example 11 - Vote 11												
Example 12 - Vote 12												
Example 13 - Vote 13												
Example 14 - Vote 14												
Example 15 - Vote 15												
<b>Capital multi-year expenditure</b>												
<b>Single-year expenditure</b>												
Vote 1 - Executive and Council												
Vote 2 - Finance and Corporate Services												
Vote 3 - Planning and Development												
Vote 4 - Health												
Vote 5 - Public Safety												
Vote 6 - Housing												
Vote 7 - Roads												
Vote 8 - Water												
Example 9 - Vote 9												
Example 10 - Vote 10												
Example 11 - Vote 11												
Example 12 - Vote 12												
Example 13 - Vote 13												
Example 14 - Vote 14												
Example 15 - Vote 15												
<b>Capital multi-year expenditure</b>	6,094	1,719	6,813	1,504	-	(6,099)	25%	26%	-	-	-	-
<b>Total Capital Expenditure - Vote</b>	6,094	1,719	6,813	1,504	-	(6,099)	25%	26%	-	-	-	-
<b>Capital Expenditure - Other</b>												
Executive and council	3,094	1,520	6,033	1,801	-	(4,939)	27%	27%	-	-	-	-
Budget and treasury office			6,030	1,732	-	(4,341)	27%	27%	-	-	-	-
Corporate services			146	127	-	(19)	87%	87%	-	-	-	-
Community and public safety												
Community and social services												
Spot and recreation												
Public safety												
Housing												
Health												
Environment and household services												
Environment and development												
Road transport												
Environmental protection												
Trading services												
Electricity												
Water												
Waste water management												
Waste management												
Other												
<b>Total Capital Expenditure - Standard</b>	6,094	1,719	6,813	1,507	-	(4,675)	25%	26%	-	-	-	-
<b>Expenditure</b>												
National Government												
Provincial Government												
District Municipality												
Other transfers and grants												
Transfers recognised - capital												
Public contributions & donations												
Borrowing												
Internally generated funds	6,094	1,719	6,813	1,507	-	(4,609)	27%	27%	-	-	-	
<b>Total Capital Funding</b>	6,094	1,719	6,813	1,504	-	(6,020)	25%	26%	-	-	-	-

DC10 Sarah Baartman - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2020/21					2019/20						
	Original Budget	Total Budget Adjustments (R10 MFMA (26))	Firm adjustments budget	Actual Outcome	Unauthorised expenditure	Variance (R10 MFMA (26))	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be received	Remaining Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital Expenditure - Vote</b>												
<b>R thousand</b>												
<b>Capital Expenditure - Vote</b>												
<b>Vote 1 - Executive and Council</b>												
Vote 2 - Finance and Corporate Services												
Vote 3 - Planning and Development												
Vote 4 - Health												
Vote 5 - Public Safety												
Vote 6 - Housing												
Vote 7 - Roads												
Vote 8 - Water												
Vote 9 - Voted												
Vote 10 - Voted												
Vote 11 - Voted												
Vote 12 - Voted												
Vote 13 - Voted												
Vote 14 - Voted												
Vote 15 - Voted												
Vote 16 - Voted												
<b>Capital Expenditure - Standard</b>												
<b>Standard Expenditure</b>												
Vote 1 - Executive and Council	6,094	1,530	6,530	1,769	14	(4,844)	27%	22%	(4,844)			
Vote 2 - Finance and Corporate Services		30	30	30								
Vote 3 - Planning and Development		146	146	127		(19)	67%	57%	(19)			
Vote 4 - Health												
Vote 5 - Public Safety												
Vote 6 - Housing												
Vote 7 - Roads												
Vote 8 - Water												
Vote 9 - Voted												
Vote 10 - Voted												
Vote 11 - Voted												
Vote 12 - Voted												
Vote 13 - Voted												
Vote 14 - Voted												
Vote 15 - Voted												
Vote 16 - Voted												
<b>Capital Expenditure - Standard</b>	5,094	1,719	6,813	1,937		(4,876)	28%	34%				
<b>Total Capital Expenditure - Vote</b>	6,094	1,719	6,813	1,934		(4,876)	28%	33%				
<b>Capital Expenditure - Standard</b>												
<b>Standard Expenditure</b>												
Government services	3,094	1,530	6,530	1,991		(4,539)	27%	25%				
Executive services				9								
Budget and treasury office				1,792		(4,841)	27%	29%				
Corporate services												
Community and public safety		146	146	127		(19)	37%	37%				
Community and social services												
Sport and recreation												
Public safety												
Housing												
Health				127		(19)	67%	67%				
Economic and environmental services				34		(2)	26%	26%				
Planning and development				9		(2)	25%	25%				
Education												
Environmental protection												
Trading services												
Electricity												
Water												
Waste water management												
Waste management												
Other												
<b>Total Capital Expenditure - Standard</b>	5,094	1,719	6,813	1,937		(4,876)	28%	34%				
<b>Standard Ex:</b>												
National Government				146		(19)	87%	87%				
Provincial Government												
District Municipality												
Other transfer and grants												
Transfer recognised - capital				146		(19)	87%	87%				
Public contributions & conditions												
Borrowing												
Internally generated funds	5,094	1,719	6,813	1,937		(4,876)	28%	34%				
<b>Total Capital Funding</b>	5,094	1,719	6,813	1,934		(4,876)	28%	33%				

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DC10 Sarah Baartman - Reconciliation of Table A7 Budgeted Cash Flows Appendix D(5)

Description	2020/21							2019/20
	Original Budget	Budget Adjustments (i.e. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
Receipts								
Ratepayers and other Government - operating	31,825	(1,719)	30,107	(53)	(30,160)	-0.2%	-0.2%	
Government - capital	96,837	-	96,837	-	(96,837)	-	-	
Interest	15,000	-	15,000	-	(15,000)	-	-	
Dividends								
Payments								
Suppliers and employees	(126,563)	-	(126,563)	546	127,111	-0.4%	-0.4%	
Finance charges								
Transfers and Grants	(35,349)	-	(35,349)	(280)	35,069	0.8%	0.8%	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(18,250)</b>	<b>(1,719)</b>	<b>(19,968)</b>	<b>215</b>	<b>20,183</b>	<b>-1.1%</b>	<b>-1.2%</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Receipts								
Proceeds on disposal of PPE								
Decrease (increase) in non-current debtors				308	308	#DIV/0!	#DIV/0!	
Decrease (increase) other non-current receivables								
Decrease (increase) in non-current investments								
Payments								
Capital assets	(5,094)	-	(5,094)	(2,484)	2,610	48.8%	48.8%	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(5,094)</b>	<b>-</b>	<b>(5,094)</b>	<b>(2,476)</b>	<b>2,918</b>	<b>42.7%</b>	<b>42.7%</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Receipts								
Short term loans								
Borrowing long term/refinancing								
Increase (decrease) in consumer deposits								
Payments								
Repayment of borrowing								
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,586)</b>	<b>(6,586)</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(23,344)</b>	<b>(1,719)</b>	<b>(25,062)</b>	<b>(8,546)</b>				<b>-</b>
Cash/cash equivalents at the year begin:	63,659		63,659	33,336				
Cash/cash equivalents at the year end:	40,315	(8,531)	38,597	25,815	(12,782)	66.3%	64.0%	63,659