GARDEN ROUTE DISTRICT
MUNICIPALITY

DISTRICT MUNICIPALITY | UMASIPALA WESITHILI | DISTRIKSMUNISIPALITEIT

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2021

AUDITOR-GENERAL SOUTH AFRICA
Auditing to build public confidence
A.A.
30 November 2021

GARDEN ROUTE DISTRICT MUNICIPALITY

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GENERAL INFORMATION

NATURE OF BUSINESS

Garden Route District Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998). The demarcation code is DC04.

JURISDICTION

The Garden Route District Municipality includes the following municipalities:

Bitou Municipality
George Municipality
Hessequa Municipality
Kannaland Municipality
Knysna Municipality
Mossel Bay Municipality
Oudtshoorn Municipality

EXECUTIVE MAYOR

Alderman M Booysen

DEPUTY EXECUTIVE MAYOR

Alderlady RH Ruiters

SPEAKER

Alderman BHJ Groenewald

CHIEF WHIP

Cllr RE Spies

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	*Alderman M Booysen*
Deputy Executive Mayor	*Alderlady RH Ruiters*
Chief Whip	*Cllr RE Spies*
Executive Councillor	*Cllr RE Spies*
Executive Councillor	*Alderlady I Kritzinger*
Executive Councillor	*Cllr JJC Lambaatjeen*
Executive Councillor	*Cllr BN van Wyk*
Executive Councillor	*Cllr KS Lose*
Executive Councillor	*Cllr E Meyer*

GENERAL INFORMATION

MUNICIPAL MANAGER

Mr. M.G Stratu

CHIEF FINANCIAL OFFICER

Mr. J.V.H de Jager

REGISTERED OFFICE

54 York Street
GEORGE
6529

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

Nedbank, George

ATTORNEYS

Raubenheimers Attorneys
Cilliers Odendaal Attorneys
Millers Attorneys
Regan Brown Attorneys
Schroter Attorneys (Lamont Settlement)
Boer Arries Attorneys
Le Roux Lamprecht Attorneys
Stadler & Swart Attorneys
Rauch Gertenbach Attorneys
AA Solwane Attorneys
Mamatela Attorneys
Mosdell, Pama & Cox Attorneys

RELEVANT LEGISLATION

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

MEMBERS OF THE GARDEN ROUTE DISTRICT MUNICIPALITY

WARD		COUNCILLOR
Proportional		*Cllr WT Harris*
Proportional		*Alderman S de Vries*
Proportional		*Cllr NF Kamte*
Proportional		*Cllr A Barker*
Proportional		*Cllr NV Gungubele*
Proportional		*Cllr CN Lichaba*
Proportional		*Alderlady JL Hartnick*
Proportional		*Cllr S May*
Proportional		*Cllr RE Spies*
Proportional		*Alderman M Booysen*
Proportional		*Cllr KS Lose*
Proportional		*Cllr FN Mdumiso*
Proportional		*Cllr BN van Wyk*
Proportional		*Cllr AJ Rossouw*
Representative:	George Municipality	*Alderlady T Teyisi*
Representative:	George Municipality	*Alderman PJ van der Hoven*
Representative:	George Municipality	*Alderlady I Kritzinger*
Representative:	George Municipality	*Cllr EH Stroebel*
Representative:	George Municipality	*Cllr J Fry*
Representative:	George Municipality	*Alderman V Gericke*
Representative:	Mossel Bay Municipality	*Alderman BHJ Groenewald*
Representative:	Mossel Bay Municipality	*Cllr E Meyer*
Representative:	Mossel Bay Municipality	*Alderlady RH Ruiters*
Representative:	Mossel Bay Municipality	*Cllr SS Mbandezi*
Representative:	Oudtshoorn Municipality	*Cllr JJC Lambaatjeen*
Representative:	Oudtshoorn Municipality	*Cllr RR Wildschut*
Representative:	Oudtshoorn Municipality	*Cllr N Magopeni*
Representative:	Knysna Municipality	*Cllr L Tyokolo*
Representative:	Knysna Municipality	*Alderlady G Wolmarans*
Representative:	Knysna Municipality	*Cllr MG Matiwane*
Representative:	Hessequa Municipality	*Cllr GL Boezak*
Representative:	Hessequa Municipality	*Cllr IT Mangaliso*
Representative:	Bitou Municipality	*Cllr X Matyila*
Representative:	Bitou Municipality	*Cllr ASM Windvogel*
Representative:	Kannaland Municipality	*Cllr HD Ruiters*

GARDEN ROUTE DISTRICT MUNICIPALITY

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2021 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2022 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

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

Mr. M.G Stratu
Accounting Officer

29/11/2021
Date

GARDEN ROUTE DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

	Notes	2021 R	2020 R
ASSETS			
Non-Current Assets		**286 148 548**	**268 629 141**
Property, Plant and Equipment	**2**	169 104 636	159 613 933
Investment Property	**3**	54 059 915	54 181 698
Intangible Assets	**4**	1 569 174	1 862 962
Investments	**5**	27 323	26 022
Employee Benefits	**11**	61 387 500	52 944 526
Current Assets		**218 897 811**	**228 993 746**
Inventory	**7**	3 259 091	3 124 334
Receivables from Exchange Transactions	**8**	39 628 743	31 144 420
Unpaid Transfers and Subsidies	**14**	-	2
Operating Lease Asset	**6.1**	83 839	181 800
Taxes	**15**	1 928 819	2 014 064
Current Portion of Non-Current Employee Benefits	**11**	4 245 600	4 293 176
Cash and Cash Equivalents	**9.1**	169 751 719	188 235 949
Total Assets		**505 046 360**	**497 622 888**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**138 169 600**	**125 674 755**
Long-term Borrowings	**10**	72 900	168 683
Non-current Employee Benefits	**11**	138 096 700	125 506 072
Current Liabilities		**76 480 757**	**64 009 993**
Current Employee Benefits	**12**	42 438 191	40 691 595
Trade and Other Payables from Exchange Transactions	**13**	28 187 574	17 888 795
Unspent Transfers and Subsidies	**14**	5 319 072	5 207 020
Current Portion of Long-term Borrowings	**10**	535 919	222 582
Total Liabilities		**214 650 357**	**189 684 747**
Net Assets		**290 396 002**	**307 938 141**
Capital Replacement Reserve	**17**	26 388 593	31 856 144
Employee Benefits Reserve	**17**	34 124 774	33 429 212
Accumulated Surplus/(Deficit)		229 882 636	242 652 785
Total Net Assets and Liabilities		**505 046 360**	**497 622 888**

GARDEN ROUTE DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R	2020 R
REVENUE			
Revenue from Non-exchange Transactions		**179 475 651**	**186 113 510**
Transfer Revenue		**178 981 341**	**169 469 382**
Government Grants and Subsidies	18	176 481 341	169 434 382
Contributed Property, Plant and Equipment	19	2 500 000	35 000
Other Revenue		**494 310**	**16 644 128**
Actuarial Gains	11	494 310	16 644 128
Revenue from Exchange Transactions		**198 564 536**	**186 661 994**
Department of Transport - Roads Service Charges	21	175 353 631	155 520 808
Sales of Goods and Rendering of Services	22	8 498 759	11 263 150
Rent on Land	23	1 031 290	846 378
Rental of Facilities and Equipment	24	842 361	1 256 293
Interest Earned - External Investments	25	8 802 404	13 139 948
Interest Earned - Exchange Transactions	26	2 784 568	3 303 089
Licences and Permits	20	88 666	84 742
Operational Revenue	27	1 162 857	1 247 586
Total Revenue		**378 040 187**	**372 775 504**
EXPENDITURE			
Employee related costs	28	(257 463 424)	(236 941 201)
Remuneration of Councillors	29	(11 210 052)	(11 466 616)
Bad Debts Written Off	30	(413 392)	(4 394 304)
Contracted Services	31	(25 295 156)	(21 428 861)
Depreciation and Amortisation	32	(4 171 419)	(4 830 325)
Finance Costs	33	(54 527)	(37 591)
Inventory Consumed	7.1	(39 774 256)	(36 374 052)
Operating Leases		(251 967)	(553 967)
Transfers and Subsidies	34	(3 564 963)	(3 213 899)
Operational Costs	35	(48 593 677)	(40 516 931)
Total Expenditure		**(390 792 832)**	**(359 757 747)**
Operating Surplus/(Deficit) for the Year		**(12 752 645)**	**13 017 756**
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	7.2	(16 258)	23 870
Reversal of Impairment Loss/(Impairment Loss) on Receivables	36	(4 197 309)	(4 223 578)
Gains/(Loss) on Sale of Fixed Assets	37	(554 454)	(151 749)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	38	(21 472)	(30 393 987)
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(17 542 139)**	**(21 727 687)**

GARDEN ROUTE DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Capital Replacement Reserve	Employee Benefits Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2019	**31 325 893**	**-**	**264 058 275**	**295 384 168**
Correction of Error - note 39	-	-	34 281 659	34 281 659
Restated balance	31 325 893	-	298 339 934	329 665 827
Net Surplus/(Deficit) for the year	-	-	(21 727 686)	(21 727 686)
Net Surplus/(Deficit) previously reported	-	-	(8 624 653)	(8 624 653)
Effects of Correction of Errors - note 39	-	-	(13 103 033)	(13 103 033)
Transfer to/from CRR	4 851 948	-	(4 851 948)	-
Transfer to/from Employee Benefits Reserve	-	33 429 212	(33 429 212)	-
Property, Plant and Equipment purchased	(4 321 697)	-	4 321 697	-
Balance at 30 June 2020	**31 856 144**	**33 429 212**	**242 652 785**	**307 938 141**
Restated balance	**31 856 144**	**33 429 212**	**242 652 785**	**307 938 141**
Net Surplus/(Deficit) for the year	-	-	(17 542 139)	(17 542 139)
Transfer to/from CRR	4 132 669	-	(4 132 669)	-
Transfer to/from Employee Benefits Reserve	-	695 562	(695 562)	-
Property, Plant and Equipment purchased	(9 600 220)	-	9 600 220	-
Balance at 30 June 2021	**26 388 593**	**34 124 774**	**229 882 636**	**290 396 002**

GARDEN ROUTE DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R	2020 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts		361 976 831	371 483 896
Other Revenue		174 340 544	189 826 418
Government - Operating		177 686 871	168 517 530
Government - Capital		1 147 012	-
Interest		8 802 404	13 139 948
Cash payments		(369 354 838)	(348 954 113)
Suppliers and Employees		(363 494 861)	(345 702 623)
Finance Charges	33	(54 527)	(37 591)
Government grants repaid		(2 240 488)	-
Transfers and Grants	34	(3 564 963)	(3 213 899)
Net Cash from Operating Activities	**41**	**(7 378 008)**	**22 529 784**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	2	(10 602 498)	(7 721 756)
Proceeds on Disposal of Fixed Assets		-	-
Purchase of Intangible Assets	4	-	(27 970)
Decrease/(Increase) in Non-Current Investments		(1 301)	1 423
Net Cash from Investing Activities		**(10 603 799)**	**(7 748 303)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Borrowing		(502 425)	(732 285)
Net Cash from Financing Activities		**(502 425)**	**(732 285)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(18 484 230)**	**14 049 196**
Cash and Cash Equivalents at the beginning of the year		188 235 949	174 186 753
Balance previously reported			174 238 085
Correction of incorrect petty cash balances - note 9.1			(51 333)
Cash and Cash Equivalents at the end of the year	**42**	**169 751 719**	**188 235 949**

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome 2021	Variance as a % of Final Budget
		R	R	R	R	R	%
ASSETS							
Current Assets							
Cash		143 131 140	13 980 710	157 111 850	157 111 850	169 751 719	8,05%
Call Investment Deposits		-	-	-	-	-	0,00%
Consumer Debtors		-	-	-	-	-	0,00%
Other Debtors		23 956 054	-	23 956 054	23 956 054	41 641 399	73,82%
Current Portion of Employee Benefits		3 866 923	-	3 866 923	3 866 923	4 245 600	9,79%
Inventory		2 730 766	-	2 730 766	2 730 766	3 259 091	19,35%
Total Current Assets	**45.2.1**	173 684 883	13 980 710	187 665 593	187 665 593	218 897 809	16,64%
Non-Current Assets							
Employee Benefits		59 705 191	-	59 705 191	59 705 191	61 387 500	2,82%
Investments		27 445	-	27 445	27 445	27 323	-0,44%
Investment Property		86 108 386	-	86 108 386	86 108 386	54 059 915	-37,22%
Property, Plant and Equipment		166 336 481	-	166 336 481	166 336 481	169 104 636	1,66%
Intangible Assets		2 138 885	-	2 138 885	2 138 885	1 569 174	-26,64%
Total Non-Current Assets	**45.2.2**	314 316 388	-	314 316 388	314 316 388	286 148 548	-8,96%
TOTAL ASSETS		488 001 271	13 980 710	501 981 981	501 981 981	505 046 358	0,61%
LIABILITIES							
Current Liabilities							
Borrowing		-	-	-	-	535 919	100,00%
Consumer Deposits		-	-	-	-	-	0,00%
Trade and Other Payables		37 448 924	-	37 448 924	37 448 924	33 506 647	-10,53%
Provisions		37 155 386	-	37 155 386	37 155 386	42 438 191	14,22%
Total Current Liabilities	**45.2.3**	74 604 310	-	74 604 310	74 604 310	76 480 757	2,52%
Non-Current Liabilities							
Borrowing		28 488	-	28 488	28 488	72 900	155,89%
Provisions		144 823 415	-	144 823 415	144 823 415	138 096 700	-4,64%
Total Non-Current Liabilities		144 851 903	-	144 851 903	144 851 903	138 169 600	-4,61%
TOTAL LIABILITIES		219 456 214	-	219 456 214	219 456 214	214 650 357	-2,19%
NET ASSETS							
Accumulated Surplus/(Deficit)		249 571 551	(32 331 140)	217 240 411	217 240 411	229 882 636	5,82%
Reserves		18 973 066	46 312 290	65 285 356	65 285 356	60 513 367	-7,31%
TOTAL NET ASSETS		268 544 617	13 981 150	282 525 767	282 525 767	290 396 002	2,79%

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome 2021	Variance as a % of Final Budget
		R	R	R	R	R	%
REVENUE							
Service Charges - Refuse Revenue		-	-	-	-	-	0,00%
Rental of Facilities and Equipment		1 614 459	2 000 000	3 614 459	3 614 459	1 873 651	-48,16%
Interest Earned - External Investments		14 091 041	(2 000 000)	12 091 041	12 091 041	8 802 404	-27,20%
Interest Earned - Outstanding Debtors		3 710 000	-	3 710 000	3 710 000	2 784 568	-24,94%
Licences and Permits		111 300	-	111 300	111 300	88 666	-20,34%
Agency Services		184 672 675	23 536 031	208 208 706	208 208 706	15 726 304	-92,45%
Transfers Recognised - Operational		174 268 915	6 199 659	180 468 574	180 468 574	175 483 939	-2,76%
Other Revenue		13 704 047	2 027 815	15 731 862	15 731 862	169 783 253	979,23%
Gains on Disposal of PPE		-	-	-	-	-	0,00%
Total Revenue (excluding capital transfers and contributions)	**45.2.4**	392 172 437	31 763 505	423 935 942	423 935 942	374 542 785	-11,65%
EXPENDITURE							
Employee Related Costs		239 507 902	15 996 326	255 504 228	255 504 228	257 463 424	0,77%
Remuneration of Councillors		13 360 009	-	13 360 009	13 360 009	11 210 052	-16,09%
Debt Impairment		1 841 087	-	1 841 087	1 841 087	4 610 702	150,43%
Depreciation and Asset Impairment		3 930 318	1 057 051	4 987 369	4 987 369	4 192 891	-15,93%
Finance Charges		-	70 000	70 000	70 000	54 527	-22,10%
Other Materials		51 197 233	(3 616 230)	47 581 003	47 581 003	38 571 604	-18,93%
Contracted Services		32 272 190	4 740 161	37 012 351	37 012 351	25 295 156	-31,66%
Transfers and Grants		1 230 000	1 160 500	2 390 500	2 390 500	3 564 963	49,13%
Other Expenditure		57 894 000	19 468 553	77 362 553	77 362 553	50 064 554	-35,29%
Loss on Disposal of PPE		-	-	-	-	554 454	100,00%
Total Expenditure	**45.2.5**	401 232 739	38 876 361	440 109 100	440 109 100	395 582 326	-10,12%
Surplus/(Deficit)		(9 060 302)	(7 112 856)	(16 173 158)	(16 173 158)	(21 039 541)	30,09%
Transfers Recognised - Capital	**45.2.6**	-	-	-	-	997 402	100,00%
Contributed Assets		-	2 500 000	2 500 000	2 500 000	2 500 000	0,00%
Surplus/(Deficit) after Capital Transfers & Contributions		(9 060 302)	(4 612 856)	(13 673 158)	(13 673 158)	(17 542 139)	28,30%
Surplus/(Deficit) for the year		(9 060 302)	(4 612 856)	(13 673 158)	(13 673 158)	(17 542 139)	28,30%

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome 2021	Variance as a % of Final Budget
		R	R	R	R	R	%
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Other Revenue		200 102 481	27 841 031	227 943 512	227 943 512	174 340 544	-23,52%
Government - Operating		174 268 915	5 922 856	180 191 771	180 191 771	177 686 871	-1,39%
Government - Capital		-	-	-	-	1 147 012	100,00%
Interest		17 801 041	(2 000 000)	15 801 041	15 801 041	8 802 404	-44,29%
Payments							
Suppliers and Employees		(394 230 894)	(38 854 118)	(433 085 012)	(433 085 012)	(363 494 861)	-16,07%
Finance costs		-	-	-	-	(54 527)	100,00%
Government grants repaid		-	-	-	-	(2 240 488)	100,00%
Transfers and Grants		(1 230 000)	(1 160 500)	(2 390 500)	(2 390 500)	(3 564 963)	49,13%
Net Cash from/(used) Operating Activities	**45.2.7**	(3 288 457)	(8 250 730)	(11 539 187)	(11 539 187)	(7 378 008)	-36,06%
CASH FLOW FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE		-	-	-	-	-	0,00%
Decrease/(Increase) in Non-Current Debtors		-	-	-	-	-	0,00%
Decrease/(Increase) in Non-Current Investments		-	-	-	-	(1 301)	100,00%
Payments							
Capital Assets		(8 135 000)	22 231 440	14 096 440	14 096 440	(10 602 498)	-175,21%
Net Cash from/(used) Investing Activities	**45.2.8**	(8 135 000)	22 231 440	14 096 440	14 096 440	(10 603 799)	-175,22%
CASH FLOW FROM FINANCING ACTIVITIES							
Receipts							
Borrowing long term/refinancing		-	-	-	-	-	0,00%
Payments							
Repayment of Borrowing		-	-	-	-	(502 425)	100,00%
Net Cash from/(used) Financing Activities	**45.2.9**	-	-	-	-	(502 425)	100,00%
NET INCREASE/(DECREASE) IN CASH HELD		(11 423 457)	13 980 710	2 557 253	2 557 253	(18 484 233)	-822,82%
Cash and Cash Equivalents at the year begin:	**45.2.10**	154 554 597	-	154 554 597	154 554 597	188 235 949	21,79%
Cash and Cash Equivalents at the year end:		143 131 140	13 980 710	157 111 850	157 111 850	169 751 716	8,05%

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) and also in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – April 2019) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

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

The accounting policies applied are consistent with those used to present the previous year's financial statements unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

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

1.3. GOING CONCERN ASSUMPTION

These 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. Management considers key financial metrics and approved medium-term budgets to conclude that the going concern assumption used in the compiling of the Annual Financial Statements is appropriate. The recent COVID-19 pandemic and its effect on the Municipality's current and expected performance has been considered by management in the Going concern assumption.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification are disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements will be adjusted in accordance with GRAP 3.

The following GRAP standards became effective on 1 April 2020:

- GRAP 18 Segment Reporting
- GRAP 110 Living and non-living resources
- GRAP 34 Separate financial statements
- GRAP 35 Consolidated financial statements
- GRAP 36 Investment in Associates and Joint Ventures
- GRAP 37 Joint Arrangements
- GRAP 38 Disclosure of Interest in Other Entities

GRAP 34 - 38 will not have an influence on the operations of the municipality.

Amendments were made to the following GRAP interpretations:

- iGRAP 1 Applying the Probability Test on Initial Recognition of Revenue
- iGRAP 20 Accounting for Adjustments to Revenue

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the annual financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from Management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by the National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

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

The comparable information includes the following:

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

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending on line items. The municipality considers a variance between the actual and budget of more than 10% of the budgeted value as material, provided that such variance exceeds R500,000.

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

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2019/20 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

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

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 104 (Revised – April 2020)	**Financial Instruments** The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. The Municipality might need to revise the categories of financial instruments and the impairment model.	Unknown
Guideline	**Landfill sites** No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
Guideline	**Application of Materiality of Financial Statements** The guideline is not authoritative but only encourage. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The cash in the CRR can only be utilised to finance items of property, plant and equipment. The CRR is reduced, and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.

1.9.2. Employee Benefits Reserve

The reserve aims to ensure sufficient cash resources are available for the future payment of employee benefits. Contributions equal to the short-term portion of employee benefits, plus 10% of the prior year closing balance of long-term employee benefits is contributed to the reserve from accumulated surplus/(deficit).

1.10. LEASES

1.10.1. Municipality as Lessee

Initial Recognition and Measurement

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent Measurement

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

De-Recognition

The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating Leases

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. Municipality as Lessor

Finance Leases

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating Leases

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

1.11. UNSPENT TRANSFERS AND SUBSIDIES

Conditional transfers and subsidies are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional transfers and subsidies are liabilities that are separately reflected in the Statement of Financial Position. They represent unspent government grants, subsidies and contributions. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

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

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

1.12. UNPAID CONDITIONAL TRANSFERS AND SUBSIDIES

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

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

- Unpaid conditional transfers and subsidies are recognised as an asset when the grant is receivable.

1.13. PROVISIONS

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

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

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

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

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

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

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

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

1.14. EMPLOYEE BENEFITS

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

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

1.14.1. Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution, and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2. Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically, and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3. Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries, and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.4. Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee at year-end.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full but is limited to a maximum of 48 days. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.14.5. Staff Bonuses Accrued

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

1.14.6. Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees.

1.14.7. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors.

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions is charged or credited to the Statement of Financial Performance in the period that it occurs.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.14.8. Exit Gratuity

Employees whose employment contracts are linked to political office bearers do not always enjoy the same benefits enjoyed by permanent employees. The Council considered the above risk associated with these positions – the fact that the contract will terminate when the political office bearer leaves.

In an effort to show appreciation to these employees for having served Council well, these employees are automatically eligible to an exit gratuity equal to 10% of their annual remuneration package for each completed year of service payable when their contracts terminate.

1.14.9. Other Short-term Employee Benefits

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. BORROWING COSTS

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1. Initial Recognition and Measurement

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

The following items will be regarded as Property, plant and equipment rather than investment property:

- Owner-occupied property (including held for future use);
- Owner-occupied property held for development;
- Property occupied by employees for housing;
- Owner-occupied property held for disposal;
- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation and; and
- Property held by the municipality for strategic purpose.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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 assets acquired are initially measured at fair value (the cost). It the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred is recognised as part of the cost of the asset.

1.16.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.16.3. Depreciation and Impairment

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets to the residual value of the asset, where applicable. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	Years		***Years***
Infrastructure		**Other**	
Roads Infrastructure	17 – 37	Computer equipment	2 – 26
		Furniture and Office Equipment	2 - 67
Community		Machinery and Equipment	6 - 37
Resorts	7 – 38	Transport Assets	6 - 42
		Municipal Offices	9 - 102

The depreciation charge is recognised in the Statement of Financial Performance.

Changes to the useful life of assets and residual values are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.16.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16.5. Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.16.6. Decommissioning and Restoration Asset

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, shall be accounted for as follows:

The related asset (under cost model) is measured as follows:

- Changes in the liability, shall be added or deducted from the asset cost;

- The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.20 of the policy.

1.17. INTANGIBLE ASSETS

1.17.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

The Municipality does not internally generate intangible assets.

Intangible assets are initially recognised at cost.

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

1.17.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.17.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by Management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	**Years**
Computer Software	6 - 22

The amortisation charge is recognised in the Statement of Financial Performance.

1.17.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18. INVESTMENT PROPERTY

1.18.1. Initial Recognition

Investment property is recognised as an asset when, and only when:

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

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

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

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

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred is recognised as part of the cost of the asset.

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

1.18.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses.

1.18.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	**Years**
Buildings	13 – 102

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.18.4. De-recognition

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

1.19. HERITAGE ASSETS

1.19.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only 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.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.19.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.19.3. Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.19.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits or service potential expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1. Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- A decision to halt the construction of the asset before it is complete or in a usable condition; and
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2. Non-cash-generating assets

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

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

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

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit.

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

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

1.21. INVENTORIES

1.21.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.21.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised in the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both form exchange and non-exchange transactions) and non-current investments. The future utilisation of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.22.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.22.2. Subsequent Measurement

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

1.22.2.1. Receivables

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

1.22.2.2. Payables and Annuity Loans

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

1.22.2.3. *Cash and Cash Equivalents*

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

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

1.22.2.4. *Non-Current Investments*

Investments which include fixed deposits invested in registered commercial banks, are stated at cost or amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.22.3. De-recognition of Financial Instruments

1.22.3.1. *Financial Assets*

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

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

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

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

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

1.22.3.2. *Financial Liabilities*

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

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

1.22.4. Impairment of Financial Assets

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

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

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

1.22.5. Offsetting of Financial Instruments

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

1.23. STATUTORY RECEIVABLES

1.23.1. Identification

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

1.23.2. Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.23.3. Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

(a) interest or other charges that may have accrued on the receivable;
(b) impairment losses; and
(c) amounts derecognised.

1.23.4. Impairment

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

The municipality considers the following as indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.

- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.23.5. De-recognition

The Municipality derecognises a statutory receivable when:

(a) the rights to the cash flows from the receivable are settled, expire or are waived;
(b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
(c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

    (i) derecognise the receivable; and
    (ii) recognise separately any rights and obligations created or retained in the transfer.

1.23.6. Transitional Provisions

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the Municipality is utilising the transitional provisions contained within Directive 4 that grant the Municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables. Over time our understanding and insights as to the requirements of a new standard improves, therefore the municipality is choosing to make use of the transitional provision.

The transitional period commences from 1 June 2019 and will be utilised until the period ending 30 June 2022.

1.24. REVENUE

1.24.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Fine Revenue constitutes spot fines. Fine revenue is recognised when the spot fine is issued. In cases where fines are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by 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 is measured at the fair value of the consideration received or receivable.

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

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality, therefore, recognises an expense and related revenue for the consumption of services in-kind.

1.24.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue, this would be considered a subsequent event.

Revenue from the sale of goods is recognised when:

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

Interest revenue is recognised using the effective interest rate method.

Revenue from third parties i.e. insurance payments for assets impaired are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Rental from Holiday Resorts is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality, as well as the Cancellation Policy of the Municipality. The Cancellation Policy has the following refund principles:

- Less than 72 hours: 0% refund of the fees paid.
- Less than 14 days: 25% refund of the fees paid.
- Less than 1 month: 50% refund of the fees paid.
- More than 1 month: 90% refund of the fees paid.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;

- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.25. ACCOUNTING BY AGENTS AND PRINCIPALS

A principal-agent arrangement exists where there is 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).

The Municipality can be either the agent or the principal in terms of the circumstances of the arrangement.

Where the Municipality is considered the principal, all revenues, expenses, liabilities and assets are recorded in the records of Municipality in accordance with the relevant standards of GRAP.

Where the Municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

1.25.1. Identification

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.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

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 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.

1.26. SERVICE CONCESSION ARRANGEMENTS: (Municipality as grantor)

1.26.1. Identification

Service concession arrangements of the Municipality include the provision of mandated functions on behalf of the Municipality by the operator for a specified period of time, for which the operator is compensated for its services over the period of the service concession arrangement.

1.26.2. Initial Recognition

Service concession assets are measured initially at fair value except where the assets are existing assets of the Municipality in which case the assets are reclassified at their carrying amounts. Service concession assets will be identified separately.

The service concession liability is recognised and initially measured at:

- The same amount as the service concession asset,
- Adjusted by the amount of any other consideration (e.g., cash) from the Municipality to the operator, or from the operator to the Municipality.

1.26.3. Subsequent Measurement

The Municipality initially measures the service concession asset at fair value if it Is not an existing asset of the Municipality.

After initial recognition, the Municipality applies the measurement (including impairment) and de-recognition principles to the service concession asset applicable to similar items of Property, Plant and Equipment, Intangible Assets or Heritage Assets.

Where the Municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the Municipality accounts for the liability as a financial liability.

The Municipality allocates the payments to the operator and accounts for them according to their substance as a reduction in the service concession liability, a finance charge, and charges for services provided by the operator.

1.26.4. Other Liabilities, Contingent Liabilities, Contingent Assets and Revenue

The Municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial Instruments.

The Municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the principles of Revenue from Exchange Transactions.

1.26.5. Dividing the arrangement

When the Municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

1.26.6. Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

Were the municipality controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the municipality recognises its right to receive the residual interest (i.e., a receivable) in the service concession asset at the commencement of the arrangement. The value of the receivable at the end of the service concession arrangement reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

1.27. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

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.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the Management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same Municipality (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Municipality of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the Management of that entity (or its controlling entity).

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. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;

(b) a member of the governing body of an Economic Entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;

(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and

(d) the senior management team of the Municipality, including the accounting officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of Management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of Management do not meet the definition of remuneration. Remuneration of Management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.28. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not fully within the control of the Municipality.

1.32. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, Management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that Management has made in the process of applying the Municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

1.32.1. Post-retirement medical obligations, Long service awards and Ex-gratia gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 13 of the annual financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.32.2. Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.32.3. Impairment of Statutory Receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

1.32.4. Property, Plant and Equipment

The useful lives of property, plant and equipment are based on Management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on Management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

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

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

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

- cost as supplied by suppliers.

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

1.32.5. Intangible Assets

The useful lives of intangible assets are based on Management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

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

1.32.6. Provisions and Contingent Liabilities

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

1.32.7. Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by Management of the Municipality.

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

1.32.8. Provision for Staff leave

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

1.32.9. Provision for Performance bonuses

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

1.32.10. Componentisation of Infrastructure assets

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

1.33. TAXES – VALUE ADDED TAX

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

1.34. CAPITAL COMMITMENTS

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

1.35. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual 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).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

The effects of the COVID-19 pandemic are likely to be a current-period event, which will require ongoing evaluation to determine the extent to which developments after the reporting date should be recognised in the reporting period.

1.36. SEGMENT REPORTING

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

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

On the first-time adoption of GRAP 18, comparative segment information is not required in terms of the transitional provisions.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2021

	Cost/Revaluation				Accumulated Depreciation and Impairment Losses						Carrying
	Opening Balance	Additions	Disposals/ Impairment	Closing Balance	Opening Balance	Depreciation	Impairment	Reversal of Impairment	Disposals	Closing Balance	Value
Infrastructure											
Roads	104 489	-	-	104 489	56 692	3 749	-	-	-	60 442	44 048
	104 489	-	-	104 489	56 692	3 749	-	-	-	60 442	44 048
Community Assets											
Community Facilities											
Resorts	1 617 125	1 493 808	(4 430)	3 106 504	517 250	76 945	-	-	(4 430)	589 765	2 516 738
Work in Progress	-	1 491 819	-	1 491 819	-	-	-	-	-	-	1 491 819
	1 617 125	2 985 627	(4 430)	4 598 323	517 250	76 945	-	-	(4 430)	589 765	4 008 558
Other Assets											
Other Land	251 782 938	3 964 879	-	255 747 817	147 455 150	-	-	-	-	147 455 150	108 292 667
Municipal Offices	53 331 113	215 717	-	53 546 831	17 790 013	851 063	-	-	-	18 641 076	34 905 755
Computer Equipment	17 764 594	1 626 781	(113 805)	19 277 570	12 241 015	1 114 916	-	-	(63 334)	13 292 597	5 984 973
Furniture and Office Equipment	9 161 252	305 739	(267 720)	9 199 272	6 584 074	399 743	-	-	(222 660)	6 761 156	2 438 115
Machinery and Equipment	5 528 409	3 017 009	(512 901)	8 032 516	3 713 519	290 098	-	-	(417 125)	3 586 492	4 446 024
Transport Assets	15 042 113	986 745	(28 145)	16 000 713	7 337 437	625 279	-	-	(27 211)	7 935 505	8 065 207
	352 610 419	10 116 871	(922 571)	361 804 719	195 121 208	3 281 099	-	-	(730 330)	197 671 977	164 132 741
Leases											
Computer Equipment	2 141 409	719 978	(1 610 767)	1 250 621	1 164 358	423 207	-	-	(1 256 234)	331 332	919 289
	2 141 409	719 978	(1 610 767)	1 250 621	1 164 358	423 207	-	-	(1 256 234)	331 332	919 289
Total	356 473 443	13 822 476	(2 537 767)	367 758 152	196 859 509	3 785 000	-	-	(1 990 993)	198 653 516	169 104 636

2.2 30 JUNE 2020

	Cost/Revaluation				Accumulated Depreciation and Impairment Losses						Carrying
	Opening Balance	Additions	Disposals/ Impairment	Closing Balance	Opening Balance	Depreciation	Impairment	Reversal of Impairment	Disposals	Closing Balance	Value
Infrastructure											
Roads	104 489	-	-	104 489	52 438	4 254	-	-	-	56 692	47 797
	104 489	-	-	104 489	52 438	4 254	-	-	-	56 692	47 797
Community Assets											
Resorts	1 617 125	-	-	1 617 125	442 711	74 539	-	-	-	517 250	1 099 875
Balance previously reported	1 617 125	-	-	1 617 125	444 474	74 245	-	-	-	518 719	1 098 406
Correction of error - remaining useful lives	-	-	-	-	(1 763)	294	-		-	(1 469)	1 469
	1 617 125	-	-	1 617 125	442 711	74 539	-	-	-	517 250	1 099 875

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2020 *(Continued)*

	Cost/Revaluation				Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Additions	Disposals/ Impairment	Closing Balance	Opening Balance	Depreciation	Impairment	Reversal of Impairment	Disposals	Closing Balance	
Other Assets											
Other Land	250 932 938	850 000	-	251 782 938	146 423 852	-	9 602 613	(8 571 314)	-	147 455 150	104 327 788
Municipal Offices	51 721 498	1 609 615	-	53 331 113	16 859 684	842 462	1 291 469	(1 203 602)	-	17 790 013	35 541 100
Computer Equipment	16 553 733	1 397 899	(187 038)	17 764 594	10 994 917	1 393 515	-	-	(147 417)	12 241 015	5 523 579
Balance previously reported	16 550 158	1 397 899	(212 658)	17 735 399	11 021 965	1 417 981	-	-	(159 814)	12 280 131	5 455 268
Correction of error - first time recognition	1 956	-	-	1 956	-	326	-	-	-	326	1 630
Correction of error - remaining useful lives	-	-	-	-	(28 501)	(24 552)	-	-	-	(53 053)	53 053
Correction of error - previously disposed now found	1 620	-	25 620	27 240	1 453	(239)	-	-	12 397	13 611	13 628
Furniture and Office Equipment	8 959 904	368 859	(167 511)	9 161 252	6 172 714	541 021	-	-	(129 661)	6 584 074	2 577 179
Balance previously reported	8 950 956	368 859	(213 380)	9 106 436	6 203 795	545 576	-	-	(157 884)	6 591 488	2 514 948
Correction of error - first time recognition	5 262	-	-	5 262	-	877	-	-	-	877	4 385
Correction of error - remaining useful lives	-	-	-	-	(34 394)	(5 301)	-	-	-	(39 695)	39 695
Correction of error - previously disposed now found	3 686	-	45 869	49 555	3 313	(131)	-		28 222	31 404	18 150
Machinery and Equipment	5 670 443	80 107	(222 141)	5 528 409	3 511 423	406 630	-	-	(204 534)	3 713 519	1 814 890
Balance previously reported	5 625 871	80 107	(233 042)	5 472 935	3 528 276	400 268	-	-	(210 983)	3 717 561	1 755 374
Correction of error - first time recognition	44 572	-	-	44 572	-	7 429	-	-	-	7 429	37 144
Correction of error - remaining useful lives	-	-	-	-	(16 853)	(992)	-	-	-	(17 846)	17 846
Correction of error - previously disposed now found	-	-	10 901	10 901	-	(74)	-	-	6 449	6 375	4 526
Transport Assets	11 762 401	3 450 277	(170 565)	15 042 113	6 807 954	686 866	-	-	(157 383)	7 337 437	7 704 676
Balance previously reported	11 757 956	3 450 277	(170 565)	15 037 667	6 807 954	686 125	-	-	(157 383)	7 336 696	7 700 971
Correction of error - first time recognition	4 446	-	-	4 446	-	741	-	-	-	741	3 705
	345 600 917	7 756 756	(747 255)	352 610 419	190 770 544	3 870 494	10 894 081	(9 774 916)	(638 995)	195 121 208	157 489 211
Leases											
Computer Equipment	1 841 142	396 848	(96 581)	2 141 409	769 850	452 354	-	-	(57 845)	1 164 358	977 051
	1 841 142	396 848	(96 581)	2 141 409	769 850	452 354	-	-	(57 845)	1 164 358	977 051
Total	349 163 674	8 153 604	(843 836)	356 473 443	192 035 543	4 401 641	10 894 081	(9 774 916)	(696 840)	196 859 509	159 613 933

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		2021 R	2020 R
2.	**PROPERTY, PLANT AND EQUIPMENT**		

2.3 Expenditure incurred to repair and maintain Property, Plant and Equipment:

	2021 R	2020 R
Other materials	710 151	586 409
Contracted Services	2 090 760	1 523 706
Other Expenditure	232 991	361 344
Total Repairs and Maintenance	**3 033 902**	**2 471 458**

2.4 Assets pledged as security:

Leased Property, Plant and Equipment of R 919,289 is secured for leases as set out in Note 10.

2.5 Third party payments received for losses incurred:

	2021 R	2020 R
Payments received (Excluding VAT)	132 753	-
Carrying value of assets written off/lost	(86 887)	(182 317)
Surplus/(Deficit)	**45 866**	**(182 317)**

2.6 Impairment losses of Property, Plant and Equipment

Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:

	2021 R	2020 R
Other	-	(10 894 081)
Total Impairment Losses	-	(10 894 081)

2.7 Reversal of Impairment losses of Property, Plant and Equipment

Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as

	2021 R	2020 R
Other	-	9 774 916
Total Reversal of Impairment losses	-	9 774 916

2.8 Effect of changes in accounting estimates

The effect of a change in accounting estimate will have on the current period and subsequent periods.

	2021 R	2022 R	2023 R
Effect on Property, plant and equipment	35 623	169 567	321 804

2.9 Contractual commitments for acquisition of Property, Plant and Equipment:

	2021 R	2020 R
Approved and contracted for:	3 578 053	-
Other	3 578 053	
Total	**3 578 053**	**-**
This expenditure will be financed from:		
Capital Replacement Reserve	3 578 053	-
Government Grants	-	-
Own Resources	-	-
District Council Grants	-	-
Total	**3 578 053**	**-**

The commitments presented above are inclusive of VAT.

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3. INVESTMENT PROPERTY

		2021 R	2020 R
3.1	**Net Carrying amount at 1 July**	**54 181 698**	**83 568 386**
	Cost	165 199 415	165 199 415
	Accumulated Depreciation	(2 617 770)	(2 505 904)
	Accumulated Impairment Loss	(108 399 947)	(79 125 126)
	Disposal	-	-
	Cost	-	-
	Accumulated Impairment Loss	-	-
	Depreciation for the year	(121 783)	(111 866)
	Impairment loss	-	(37 571 447)
	Reversal of Impairment loss	-	8 296 626
	Net Carrying amount at 30 June	**54 059 915**	**54 181 698**
	Cost	165 199 415	165 199 415
	Accumulated Depreciation	(2 739 553)	(2 617 770)
	Accumulated Impairment Loss	(108 399 947)	(108 399 947)

3.2 Revenue from Investment Property

	2021	2020
Revenue derived from the rental of Investment Property	620 294	1 119 775

3.3 Impairment losses of Investment Property

Impairment losses on Investment Property recognised in Statement of Financial Performance are as follows:

	2021	2020
Revenue Generating	-	(434 000)
Improved Property	-	(48 000)
Unimproved Property	-	(386 000)
Non-revenue Generating	-	(37 137 447)
Improved Property	-	(3 822 000)
Unimproved Property	-	(33 315 447)
Total Impairment Losses	**-**	**(37 571 447)**

3.4 Reversal of Impairment losses of Investment Property

Reversal of Impairment losses on Investment Property recognised in statement of financial performance are as follows:

	2021	2020
Revenue Generating	-	619 229
Improved Property	-	619 229
Unimproved Property	-	-
Non-revenue Generating	-	7 677 397
Improved Property	-	575 397
Unimproved Property	-	7 102 000
Total Reversal of Impairment losses	**-**	**8 296 626**

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

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

4. INTANGIBLE ASSETS

	2021	2020
Net Carrying amount at 1 July	**1 862 962**	**2 156 564**
Cost	5 495 948	5 828 225
Accumulated Amortisation	(3 571 124)	(3 551 267)
Accumulated Impairment Loss	(61 862)	(120 395)
Additions	-	27 970
Amortisation	(264 636)	(316 818)
Disposals	(29 152)	(4 754)
Cost	(232 769)	(360 247)
Accumulated Impairment Loss	61 862	58 533
Accumulated Amortisation	141 755	296 961
Net Carrying amount at 30 June	**1 569 174**	**1 862 962**
Cost	5 263 179	5 495 948
Accumulated Amortisation	(3 694 005)	(3 571 124)
Accumulated Impairment Loss	-	(61 862)

		2021 R	2020 R
4.	**INTANGIBLE ASSETS (CONTINUED)**		

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

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

5. INVESTMENTS

	2021 R	2020 R
Unlisted	27 323	26 022
KKLK shares and Loan Account	27 323	26 022
Total Investments	**27 323**	**26 022**

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to those shares.

Unlisted investments comprise of the following. Valuations of investments supplied by council are:

	2021 R	2020 R
KKLK shares	27 323	26 022
	27 323	26 022

6. OPERATING LEASE ARRANGEMENTS

6.1 The Municipality as Lessor

	2021 R	2020 R
Operating Lease Asset	83 839	181 800
<u>Reconciliation</u>		
Balance at the beginning of the year	181 800	69 950
Movement during the year	(97 961)	111 850
Balance at the end of the year	**83 840**	**181 800**

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

	2021 R	2020 R
Up to 1 Year	516 770	1 279 524
1 to 5 Years	274 418	1 038 629
Total Operating Lease Arrangements	**791 188**	**2 318 153**

7. INVENTORY

	2021 R	2020 R
Consumables	3 259 091	3 124 334
Balance previously reported		3 219 489
Correction of water contaminated fuel not written off in previous period - Note 39.3		(95 155)
Total Inventory	**3 259 091**	**3 124 334**

7.1 Inventories recognised as an expense during the year:

	2021 R	2020 R
Consumables	38 571 604	35 913 159
Balance previously reported	-	35 476 340
Correction of Creditor Provision - Note 39.4	-	436 819
Materials and Supplies	1 202 652	460 894
Balance previously reported	-	365 032
Correction of Creditor Provision -Note 39.4	-	95 862
Total	**39 774 256**	**36 374 052**

Roads Function inventory is classified as consumables as this inventory is consumed in the performance of the service of maintaning the provincial roads on behalf of the Department of Transport. The roads are not the asset of the Garden Route District Municipality.

7.2 Inventory surplusses / (written down due to losses) as identified during the annual stores counts:

	2021 R	2020 R
Consumables	(16 258)	23 870
Total	**(16 258)**	**23 870**

No inventories were pledged as security for liabilities.

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8. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2021 R	2020 R
Property Rentals	3 056 284	1 914 527
Balance previously reported	-	2 266 954
Correction of previous year receipts not processed on debtor system	-	(352 426)
Ambulance and Fire Fighting Fees	34 746 502	31 194 908
Other Arrears	1 695 088	3 189 013
Balance previously reported	-	4 091 873
Correction of previous year debtors incorectly raised - Note 39.2	-	(959 019)
Correction of Trade Receivables Suspense Account - Note 39.2	-	(28 597)
Correction of previous year invoice paid in advance taken to expenditure - Note 39.2	-	84 755
Department of Transport - Roads	37 913 134	28 141 147
Balance previously reported	-	5 195 190
Correction of Department of Transport: Roads Receivable - Note 39.2	-	22 945 957
Total: Receivables from exchange transactions (before provision)	**77 411 008**	**64 439 596**
Less: Provision for Debt Impairment	(37 782 266)	(33 295 175)
Total: Receivables from exchange transactions (after provision)	**39 628 743**	**31 144 420**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

Ageing of Receivables from exchange transactions that is past due as at 30 June:

	2021 R	2020 R
Property Rentals: Ageing		
31 - 60 Days	254 543	149 553
61 - 90 Days	120 036	128 241
+ 90 Days	2 695 482	1 425 906
Total	**3 070 061**	**1 703 700**
Ambulance and Fire Fighting Fees: Ageing		
31 - 60 Days	1 254 093	376 395
61 - 90 Days	215 683	237 248
+ 90 Days	33 236 652	29 637 112
Total	**34 706 428**	**30 250 754**
Other Arrears: Ageing		
31 - 60 Days	147 292	190 987
61 - 90 Days	28 478	40 768
+ 90 Days	1 325 332	697 445
Total	**1 501 102**	**929 200**
(Total): Ageing		
31 - 60 Days	1 655 928	716 935
61 - 90 Days	364 197	406 258
+ 90 Days	37 257 466	31 760 462
Total Receivables from exchange transactions that is past due as at 30 June	**39 277 591**	**32 883 655**

Reconciliation of Provision for Debt Impairment

	2021 R	2020 R
Garden Route District Municipality		
Balance at beginning of year	33 295 175	28 448 854
Contribution to provision	4 197 309	4 223 578
VAT on provision	289 781	622 744
Total Balance at end of year	**37 782 266**	**33 295 175**

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	2021 R	2020 R
Ageing of amounts past due but not impaired:		
1 month past due	320 861	540 896
2+ months past due	159 243	1 292 680
	480 103	**1 833 576**

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The fair value of other receivables approximate their carrying value.

9. BANK ACCOUNTS

9.1 Cash and Cash Equivalents

	2021 R	2020 R
Current Accounts	169 715 819	188 204 049
Cash On-hand	35 900	31 900
Balance previously reported	-	83 233
Correction of incorrect petty cash balances - Note 39.7	-	(51 333)
Total Cash and Cash Equivalents - Assets	**169 751 719**	**188 235 949**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value. The muncipality followed a formal tender process and Nedbank was awarded the tender. The previous bankers of Garden Route District Municipality was Standard Bank.

Included in other deposits and bank balances are an amount of 2021: R5,319,072 (2020: R5,207,017) which is attributable to unspent grants and subsidies; and 2021: R26,569,752 (2020: R31,856,144) which is attributable to the Capital Replacement Reserve and 2021: R34,124,774 (2020:R33,429,212) which is attributable to the Employee Benefit Reserve.

The municipality has the following bank accounts:

Current Accounts

	2021 R	2020 R
Nedbank Limited - Account Number 1186616261 (Primary Current Account):	146 853 833	186 353 956
Nedbank Limited - Account Number 1153066203 (Secondary Current Account)	22 861 986	1 850 094
	169 715 819	**188 204 049**

	2021 R	2020 R
Nedbank Limited - Account Number 1186616261 (Primary Current Account):		
Cash book balance at beginning of year	186 353 956	97 597 437
Cash book balance at end of year	146 853 833	186 353 956
Bank statement balance at beginning of year	186 348 886	97 597 437
Bank statement balance at end of year	146 853 223	186 348 886
Nedbank Limited - Account Number 1153066203 (Secondary Current Account)		
Cash book balance at beginning of year	1 850 094	27 936 080
Cash book balance at end of year	22 861 986	1 850 094
Bank statement balance at beginning of year	1 850 094	27 936 080
Bank statement balance at end of year	22 861 986	1 850 094
Standard Bank Limited - Account Number 06 083 263 000 0 (Previous Primary Bank Account):		
Cash book balance at beginning of year	-	48 321 838
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	48 321 838
Bank statement balance at end of year	-	-
Standard Bank Limited - Account Number 06 083 283 500 0 (Previous Roads Account):		
Cash book balance at beginning of year	-	299 491
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	299 491
Bank statement balance at end of year	-	-

10. LONG-TERM BORROWINGS

	2021 R	2020 R
Capitalised Lease Liability - At amortised cost	608 819	391 265
	608 819	**391 265**
Less: Current Portion transferred to Current Liabilities	**535 919**	**222 583**
Capitalised Lease Liability - At amortised cost	535 919	222 583
Non-current portion of Long-term Borrowings	**72 900**	**168 682**

The obligations under finance leases are scheduled below:

	Minimum payments 2021 R	2020 R
Amounts payable under finance leases:		
Payable within one year	561 158	243 811
Payable within two to five years	73 972	174 795
	635 130	418 607
Less: Future finance obligations	(26 311)	(27 341)
Present value of finance lease obligations	**608 819**	**391 265**

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Telkom	Mobile Communication Devices	Prima rate	None	24 Months	Various

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

11 NON-CURRENT EMPLOYEE BENEFITS

	2021 R	2020 R
Provision for Post Retirement Health Care Benefits	132 425 000	120 282 000
Provision for Ex-Gratia Pension Benefits	511 500	567 144
Provision for Long Service Awards	14 450 000	14 908 000
Total Non-current Employee Benefits	**147 386 500**	**135 757 144**
Less: Transfer of Current Portion to Current Provisions - Note 12	(9 289 800)	(10 251 072)
	138 096 700	**125 506 072**

Employee Benefits - Receivables (Note 11.5)

Included in the above provision for Employee Benefits are the following amounts receivable from the Department of Transport with regards to employee benefits:

	2021 R	2020 R
Roads - Provision for Post Employment Health Care Benefits (Note 11.5)	59 432 000	50 600 000
Roads - Provision for Ex-Gratia Pension Benefits (Note 11.5)	393 100	435 702
Roads - Provision for Long Service Leave Awards (Note 11.5)	5 808 000	6 202 000
	65 633 100	57 237 702
Less: Short Term Portion Transferred to Current Employee Benefits Receivable (Note 11.5)	(4 245 600)	(4 293 176)
	61 387 500	**52 944 526**

Post Retirement Health Care Benefits

	2021 R	2020 R
Balance 1 July	120 282 000	138 562 901
Contribution for the year	13 556 000	14 984 728
Expenditure for the year	(7 194 111)	(7 446 411)
Actuarial Loss/(Gain)	5 781 111	(25 819 218)
Total provision 30 June	**132 425 000**	**120 282 000**
Less: Transfer of Current Portion to Current Provisions - Note 12	(7 292 000)	(7 701 000)
Balance 30 June	**125 133 000**	**112 581 000**

Ex-Gratia Pensions

	2021 R	2020 R
Balance 1 July	567 144	568 648
Contribution for the year	26 460	37 053
Expenditure for the year	(146 532)	(120 072)
Actuarial Loss/(Gain)	64 428	81 515
Total provision 30 June	**511 500**	**567 144**
Less: Transfer of Current Portion to Current Provisions - Note 12	(108 800)	(120 072)
Balance 30 June	**402 700**	**447 072**

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

	2021 R	2020 R
Long Service Awards		
Balance 1 July	14 908 000	15 210 761
Contribution for the year	2 131 000	2 327 870
Expenditure for the year	(2 220 027)	(1 952 412)
Actuarial Loss/(Gain)	(368 973)	(678 219)
Total provision 30 June	**14 450 000**	**14 908 000**
Less: Transfer of Current Portion to Current Provisions - Note 12	(1 889 000)	(2 430 000)
Balance 30 June	**12 561 000**	**12 478 000**

11.1 Provision for Post Retirement Health Care Benefits

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

	2021	2020
In-service (employee) members	223	228
In-service (employee) non-members	86	-
Continuation members (e.g. Retirees, widows, orphans)	142	153
Total Members	**451**	**381**

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

	2021	2020
In-service (employee) members	47 841 000	39 535 000
In-service (employee) non-members	476 000	-
Continuation (retirees & widow) members	84 108 000	80 747 000
Total Liability	**132 425 000**	**120 282 000**

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

	2019 R	2018 R	2017 R
In-service members	48 756 730	51 077 361	48 359 746
Continuation members	89 806 171	80 332 059	83 252 930
Total Liability	**138 562 901**	**131 409 420**	**131 612 676**

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

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R1 962 000, whereas the Interest Cost for the next year is estimated to be R2 433 000.

Key actuarial assumptions used:	2021 %	2020 %
i) Rate of interest		
Discount rate	9,85%	9,95%
Health Care Cost Inflation Rate	6,64%	6,07%
Net Effective Discount Rate	3,01%	3,66%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age with a 1% mortality improvement p.a. from 2010 was used by the actuaries. This means that we expect 1% fewer people to die next year. In the year thereafter, we expect 1.99% fewer people to die, i.e. 1.99% is derived from [1 - (1 - 1%)2], and so on.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 65 years. It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of ill-health, early and late retirement.

iv) Expected rate of salary increases

2020/21 - increase of four percent (4%)

The three-year Salary and Wage Collective Agreement ended on 30 June 2021. As at year-end, the negotiations for post 30 June 2021 were ongoing - with SALGA giving an indication that the outcome will probably be an increase of between 3.5% and 4.5%

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

	2021 R	2020 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	132 425 000	120 282 000
Net liability/(asset)	**132 425 000**	**120 282 000**

Reconciliation of present value of fund obligation:

	2021 R	2020 R
Present value of fund obligation at the beginning of the year	120 282 000	138 562 901
Total expenses	6 361 889	7 538 317
Current service cost	1 962 000	2 504 440
Interest Cost	11 594 000	12 480 288
Benefits Paid	(7 194 111)	(7 446 411)
Actuarial (gains)/losses	5 781 111	(25 819 218)
Present value of fund obligation at the end of the year	132 425 000	120 282 000

Sensitivity Analysis on the Accrued Liability on 30 June 2021

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	48,317	84,108	132,425

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	58,179	92,507	150,686	14,00%
Health care inflation	-1%	40,509	76,897	117,406	-11,00%
Discount rate	1%	40,773	77,151	117,924	-11,00%
Discount rate	-1%	57,954	92,323	150,277	13,00%
Post-retirement mortality	+1 year	47,085	81,191	128,276	-3,00%
Post-retirement mortality	-1 year	49,534	87,048	136,582	3,00%
Average retirement age	-1 year	52,115	84,108	136,223	3,00%
Continuation of membership at retirement	-10%	42,539	84,108	126,647	-4,00%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2021

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	1 962 000	11 594 000	13 556 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	2 414 000	13 124 000	15 538 000	15,00%
Health care inflation	-1%	1 608 000	10 325 000	11 933 000	-12,00%
Discount rate	1%	1 637 000	11 418 000	13 055 000	-4,00%
Discount rate	-1%	2 378 000	11 766 000	14 144 000	4,00%
Post-retirement mortality	-1 year	2 007 000	11 960 000	13 967 000	3,00%
Average retirement age	-1 year	2 041 000	11 786 000	13 827 000	2,00%
Continuation of membership at retirement	-10%	1 732 000	11 124 000	12 856 000	-5,00%

	2021 Rm	2020 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	(4,961)	(4,223)

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

	2019 Rm	2018 Rm	2017 Rm
Liabilities: (Gain) / loss	0,074	(0,526)	7,037
Assets: Gain / (loss)			

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

	2021 R	2020 R

11.2 Provision for Ex-Gratia Pension Benefits

The Ex-Gratia Pension Benefit plans are defined benefit plans. As at year end, 9 former employees were eligible for Ex-Gratia Benefits.

There is no Current-service cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest- Cost for the next year is estimated to be R 32 500.

Key actuarial assumptions used:	2021 %	2020 %
i) Rate of interest		
Discount rate	7,09%	5,21%
General Salary Inflation (long-term)	1,93%	0,95%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	5,06%	4,23%

These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2021.

ii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

	2021 R	2020 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	511 500	567 144
Net liability/(asset)	**511 500**	**567 144**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	567 144	568 648
Total expenses	(120 072)	(83 019)
Interest Cost	26 460	37 053
Benefits Paid	(146 532)	(120 072)
Actuarial (gains)/losses	64 428	81 515
Present value of fund obligation at the end of the year	**511 500**	**567 144**

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	**Change**	**Liability (R)**	**% change**
Central assumptions		511 500	
Pension Increase rate	+1%	534 500	4%
Pension Increase rate	-1%	490 200	-4%
Discount Rate	+1%	491 300	-4%
Discount Rate	-1%	533 400	4%
Post-retirement mortality	+1 yr	485 900	-5%
Post-retirement mortality	-1 yr	537 800	5%

	2021 R	2020 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	45 196	61 963

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

	2019 R	2018 R	2017 R
Liabilities: (Gain) / loss	60 431	(420)	(37 795)

	2021 R	2020 R

11.3 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 559 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R1 161 000 whereas the Interest Cost for the next year is estimated to be R1 289 000.

Key actuarial assumptions used:	2021 %	2020 %
i) Rate of interest		
Discount rate	9,53%	7,18%
General Salary Inflation (long-term)	5,87%	3,87%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3,46%	3,19%

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11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

	2021 R	2020 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	14 450 000	14 908 000
Net liability/(asset)	**14 450 000**	**14 908 000**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	14 908 000	15 210 761
Total expenses	(89 027)	375 458
Current service cost	1 146 000	1 173 332
Interest Cost	985 000	1 154 538
Benefits Paid	(2 220 027)	(1 952 412)
Actuarial (gains)/losses	(368 973)	(678 219)
Present value of fund obligation at the end of the year	**14 450 000**	**14 908 000**

		2021 R	2020 R
Sensitivity Analysis on the Accrued Liability on 30 June 2021			
	Change	**Liability (Rm)**	**% change**
Assumption			
Central assumptions		14,450	
General salary inflation	1%	15,412	7%
General salary inflation	-1%	13,583	-6%
Discount rate	1%	13,570	-6%
Discount rate	-1%	15,443	7%
Average retirement age	2 yrs	16,183	12%
Average retirement age	-2 yrs	12,716	-12%
Withdrawal rates	x2	11,813	-18%
Withdrawal rates	x0,5	16,315	13%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2021

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	1 146 000	985 000	2 131 000

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
General Earnings inflation	1%	1 255 000	1 057 000	2 312 000	8%
General Earnings inflation	-1%	1 048 000	920 000	1 968 000	-8%
Discount rate	1%	1 055 000	1 047 000	2 102 000	-1%
Discount rate	-1%	1 249 000	912 000	2 161 000	1%
Average retirement age	+2 yrs	1 258 000	1 114 000	2 372 000	11%
Average retirement age	-2 yrs	1 031 000	867 000	1 898 000	-11%
Withdrawal Rate	x2	813 000	792 000	1 605 000	-25%
Withdrawal Rate	x0,5	1 405 000	1 121 000	2 526 000	19%

	2021 R	2020 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	(12,508)	21,781

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

	2019 R	2018 R	2017 R
Liabilities: (Gain) / loss	82,502	1 325 309	864 660

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

11.4 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2019 - 100,7%).

Contributions paid recognised in the Statement of Financial Performance.

CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in a sound financial position with a funding level of 100,5% (30 June 2019 - 100,3%).

Contributions paid recognised in the Statement of Financial Performance.

DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

11.5 Employee Benefits Receivable

	2021 R	2020 R
Department of Transport: Roads - Post Employment Health Care Benefits (Note 11.1) - At amortised cost	59 432 000	50 600 000
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 11.2) - At amortised cost	393 100	435 702
Department of Transport: Roads - Long Service Awards (Note 11.3) - At amortised cost	5 808 000	6 202 000
	65 633 100	57 237 702
Less: Current portion transferred to current employee benefits receivable	4 245 600	4 293 176
Department of Transport: Roads - Post Employment Health Care Benefits (Note 11.1) - At amortised cost	3 508 000	3 304 000
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 11.2) - At amortised cost	84 600	94 176
Department of Transport: Roads - Long Service Awards (Note 11.3) - At amortised cost	653 000	895 000
Total	**61 387 500**	**52 944 526**

DEPARTMENT OF TRANSPORT: ROADS

The Employee Benefits: Roads Receivable relates to the provision for post-retirement health benefits, long service awards and ex-gratia pension benefits made in respect of employees directly appointed for Roads Function performed on behalf of the Provincial Administration: Western Cape.

In terms of the agreement between the Western Cape Provincial Government and past practice, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post retirement benefits. The future claim for the provision for retirement benefits has therefore been raised as a long term debtor. The carrying amount of these assets approximates their fair value.

A technical query has been lodged with the Office of the Auditor General, National Treasury and Provincial Treasury with regards to the ownership of the post employment benefits of the Roads Function.

12. CURRENT EMPLOYEE BENEFITS

	2021 R	2020 R
Performance Bonuses	1 436 041	1 131 246
Staff Bonuses	6 776 193	6 669 300
Staff Leave	23 281 236	22 639 977
Exit Gratuity	1 654 922	-
Current Portion of Non-Current Provisions	9 289 800	10 251 072
Current Portion of Post Retirement Benefits - Note 11	7 292 000	7 701 000
Current Portion of Ex-Gratia Pension Provisions - Note 11	108 800	120 072
Current Portion of Long-Service Provisions - Note 11	1 889 000	2 430 000
Total Provisions	**42 438 191**	**40 691 595**

12. CURRENT EMPLOYEE BENEFITS (CONTINUED)

The movement in current provisions are reconciled as follows:

12.1 *Performance Bonuses*

	2021 R	2020 R
Balance at beginning of year	1 131 246	932 780
Contribution to current portion	1 571 156	1 131 246
Expenditure incurred	(1 266 362)	(932 780)
Balance at end of year	**1 436 041**	**1 131 246**

Performance bonuses are being paid to the Municipal Manager and five Section 57 Executive Managers after an evaluation of performance by the council.

12.2 *Staff Bonuses*

	2021 R	2020 R
Balance at beginning of year	6 669 300	6 088 578
Contribution to current portion	11 642 920	11 145 107
Expenditure incurred	(11 536 027)	(10 564 385)
Balance at end of year	**6 776 194**	**6 669 300**

Bonuses are being paid to all municipal staff, excluding Section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

12.3 *Staff Leave*

	2021 R	2020 R
Balance at beginning of year	22 639 977	20 615 134
Contribution to current portion	2 269 895	3 644 125
Expenditure incurred	(1 628 636)	(1 619 282)
Balance at end of year	**23 281 236**	**22 639 977**

Staff leave accrued to employees according to collective agreement, capped at a maximum of 48 days. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

12.4 *Exit Gratuity*

	2021 R	2020 R
Balance at beginning of year	-	-
Contribution to current portion	1 654 922	-
Expenditure incurred	-	-
Balance at end of year	**1 654 922**	**-**

In the case of employees whose employment contracts are linked to political office bearers, they are automatically eligible to an exit gratuity equal to 10% of their annual remuneration package for each completed year of service payable when their contracts terminate.

13. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2021 R	2020 R
Trade Payables	18 489 288	14 222 504
Balance previously reported	-	13 292 507
Correction of Creditor Provision: D Phokaners - Note 39.4	-	62 182
Correction of Creditor Provision - Note 39.4	-	867 814
Consumer Advance Payments	374 186	518 682
Control, Clearing and Interface Accounts	7 732 339	718 095
Balance previously reported	-	932 930
Correction of balance incorrectly allocated in previous year - Note 39.4	-	(214 835)
Other Payables	1 591 762	2 352 464
Balance previously reported	-	2 448 381
Correction of old TASK Control balance carried over from June 2018 - Note 39.4	-	(95 917)
Retentions	-	77 050
Total Trade Payables	**28 187 574**	**17 888 795**

Payables are being recognised net of any discounts.

Payables are payable within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

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

All payables are unsecured.

14. UNSPENT TRANSFERS AND SUBSIDIES

	2021 R	2020 R
Unspent Transfers and Subsidies	5 319 072	5 207 021
National Government Grants	991 765	2 569 000
Provincial Government Grants	4 327 307	2 638 021
Less: Unpaid Transfers and Subsidies	-	(2)
National Government Grants	-	(2)
Total Unspent Transfers and Subsidies	**5 319 072**	**5 207 019**

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

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

15. TAXES

		2021 R	2020 R
15.1	VAT Payable	-	-
	VAT Output in Suspense	(794 405)	(885 619)
	Balance previously reported	-	(931 588)
	Correction of previous year receipts not processed on debtor system - Note 39.1	-	45 969
	Total VAT Payable	**(794 405)**	**(885 619)**
15.2	VAT Receivable	1 555 049	2 148 046
	VAT Input in Suspense	1 168 174	751 637
	Balance previously reported	-	739 149
	Correction of Creditor Provision - Note 39.1	-	12 489
	Total VAT Receivable	**2 723 224**	**2 899 683**
15.3	**Net VAT (Payable)/Receivable**	**1 928 819**	**2 014 064**

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

16 SHORT-TERM BORROWINGS

The Municipality has no short term borrowings.

17 NET ASSET RESERVES

	2021 R	2020 R
RESERVES	60 513 367	65 285 356
Capital Replacement Reserve	26 388 593	31 856 144
Employee Benefit Reserve	34 124 774	33 429 212
Total Net Asset Reserve and Liabilities	**60 513 367**	**65 285 356**

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

17.2 The Employee Benefits Reserve is used to finance future payment of post retirement as well as current employee benefits, excluding those relating to staff in the Roads Department, as this is payable by the Western Cape Provincial Department of Transport and Public Works.

18	GOVERNMENT GRANTS AND SUBSIDIES	2021 R	2020 R
	Government Grants and Subsidies - Operating	175 334 329	165 599 003
	Equitable Share	165 707 000	157 370 000
	Human Settlements	1 068 851	-
	Expanded Public Works Programme Integrated Grant	2 072 000	1 629 000
	Rural Road Asset Management Systems Grant	1 614 178	-
	Local Government Financial Management Grant	1 000 000	1 000 000
	Municipal Disaster Grant	-	-
	Balance previously reported	-	2 097 288
	Correction of classification of Government Grants & Subsidies between capital and operating - Note 18	-	(2 097 288)
	COVID-19 Municipal Health Disaster Management Grant	464 987	-
	Local Government Internship Grant(Disaster Management)	52 800	-
	Integrated Transport Planning	921 691	-
	Safety Plan Implementation - (WOSA)	172 588	1 677 411
	MDRG	-	268 000
	LG Humanitarian Relief Grant	-	100 000
	Financial Management Support	2 260 234	3 554 592
	Balance previously reported	-	3 607 656
	Correction of classification of Government Grants & Subsidies between capital and operating - Note 18	-	(53 064)
	Fire Services Capacity Building Grant	-	-
	Balance previously reported	-	1 685 027
	Correction of classification of Government Grants & Subsidies between capital and operating - Note 18	-	(1 685 027)
	Government Grants and Subsidies - Capital	1 147 012	3 835 379
	Human Settlements	38 955	-
	Municipal Disaster Grant	-	2 097 288
	Balance previously reported	-	-
	Correction of classification of Government Grants & Subsidies between capital and operating - Note 18	-	2 097 288
	Financial Management Support	-	53 064
	Balance previously reported	-	-
	Correction of classification of Government Grants & Subsidies between capital and operating - Note 18	-	53 064
	Fire Services Capacity Building Grant	-	1 685 027
	Balance previously reported	-	-
	Correction of classification of Government Grants & Subsidies between capital and operating - Note 18	-	1 685 027
	Rural Road Asset Management Systems Grant	1 108 057	-
	Total Government Grants and Subsidies	**176 481 341**	**169 434 382**

Included in above are the following grants and subsidies received during the year:

	2021	2020
Unconditional	165 707 000	157 370 000
Equitable Share	165 707 000	157 370 000
Conditional	13 126 881	11 365 900
Local Government Financial Management Grant	1 000 000	1 000 000
Expanded Public Works Programme Integrated Grant	2 072 000	1 629 000
Rural Road Asset Management Systems Grant	2 445 000	2 569 000
Human Settlements	1 736 894	-
Integrated Transport Planning	900 000	900 000
Financial Management Support	2 408 000	3 519 900
COVID-19 Municipal Health Disaster Management Grant	464 987	-
Safety Plan Implementation - (WOSA)	2 100 000	1 300 000
MDRG	-	268 000
Local Government Internship Grant	-	80 000
LG Humanitarian Relief Grant	-	100 000
Total Government Grants and Subsidies	**178 833 881**	**168 735 900**

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

	2021	2020
Executive and council	176 481 341	169 434 383
Finance and administration	-	-
Total Government Grants and Subsidies	**176 481 341**	**169 434 383**

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

18	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2021 R	2020 R

18.1 Equitable Share

Opening balance	-	-
Grants received	165 707 000	157 370 000
Conditions met - Operating	(165 707 000)	(157 370 000)
Conditions still to be met	**-**	**-**

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

18.2 Local Government Financial Management Grant

Opening balance	(2)	(2)
Grants received	1 000 000	1 000 000
VAT on Grants	-	-
Conditions met - Operating	(1 000 000)	(1 000 000)
Conditions still to be met	**(2)**	**(2)**

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

18.3 Safety Plan Implementation - (WOSA)

Opening balance	822 588	1 200 000
Grants received	2 100 000	1 300 000
VAT on Grants	(155)	(133 668)
Conditions met - Operating	(172 433)	(1 543 743)
Conditions still to be met	**2 750 000**	**822 588**

Grant utilised for the operationalisation of a Safety Plan.

18.4 Expanded Public Works Programme Integrated Grant

Opening balance	-	-
Grants received	2 072 000	1 629 000
VAT on Grants	-	-
Conditions met - Operating	(2 072 000)	(1 629 000)
Conditions still to be met	**-**	**-**

The grant is utilised for job creation.

18.5 Financial Management Support

Opening balance	244 944	332 700
Grants received	2 408 000	3 519 900
VAT on Grants	(85 693)	(323 849)
Repaid to National Revenue Fund	(350 000)	-
Conditions met - Operating	(2 174 541)	(3 237 664)
Conditions met - Capital	-	(46 143)
Conditions still to be met	**42 710**	**244 944**

Grant utilised to fund various projects that promote capacity building and financial sustainability.

18.6 MDRG

Opening balance	-	-
Grants received	-	268 000
VAT on Grants	-	(22 500)
Conditions met - Operating	-	(245 500)
Conditions still to be met	**-**	**-**

Grant utilised to provide disaster relief.

18.7 Local Government Internship Grant

Opening balance	80 000	-
Grants received	-	80 000
Conditions met - Operating	(52 800)	-
Conditions still to be met	**27 200**	**80 000**

Grant utilised to provide young unemployed graduates with opportunities to gain practical experience.

18.8 Integrated Transport Planning

Opening balance	1 490 488	590 488
Grants received	900 000	900 000
VAT on Grants	(120 150)	-
Repaid to National Revenue Fund	(590 488)	-
Conditions met - Operating	(801 541)	-
Conditions still to be met	**878 309**	**1 490 488**

Grant utilised to review and update integrated transport plans to improve public transport services.

18 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

		2021 R	2020 R
18.9	**Municipal Disaster Grant**		
	Opening balance	-	2 097 288
	VAT on Grants	-	(192 553)
	Conditions met - Capital	-	(1 904 735)
	Conditions still to be met	-	-

Grant utilised to provide disaster relief.

		2021 R	2020 R
18.10	**Fire Services Capacity Building Grant**		
	Opening balance	-	1 685 027
	VAT on Grants	-	(154 703)
	Conditions met - Capital	-	(1 530 324)
	Conditions still to be met	-	-

Grant utilised to improve fire services capacity.

		2021 R	2020 R
18.11	**Rural Road Asset Management Systems Grant**		
	Opening balance	2 569 000	218 370
	Grants received	2 445 000	2 569 000
	VAT on Grants	(354 957)	-
	Repaid to National Revenue Fund	(1 300 000)	(218 370)
	Conditions met - Operating	(1 403 751)	-
	Conditions met - Capital	(963 528)	-
	Conditions still to be met	**991 765**	**2 569 000**

Grant utilised to ensure efficient and effective investment in municipal roads through RRAMS and data collection.

		2021 R	2020 R
18.12	**LG Humanitarian Relief Grant**		
	Opening balance	-	-
	Grants received	-	100 000
	Conditions met - Operating	-	(100 000)
	Conditions still to be met	-	-

Grant utilised to provide COVID-19 pandemic relief.

		2021 R	2020 R
18.13	**Human Settlements**		
	Opening balance	-	-
	Grants received	1 736 894	-
	VAT on Grants	(5 081)	-
	Conditions met - Operating	(1 068 851)	-
	Conditions met - Capital	(33 874)	-
	Conditions still to be met	**629 088**	-

Allocation received from the Western Cape Government to fund the Human Settlements function as performed by the municipality.

		2021 R	2020 R
18.14	**COVID-19 Municipal Health Disaster Management Grant**		
	Opening balance	-	-
	Grants received	464 987	-
	VAT on Grants	-	-
	Conditions met - Operating	(464 987)	-
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

Grant utilised for COVID 19 screening of passengers and visitors at George Airport.

		2021 R	2020 R
18.15	**Total Grants**		
	Opening balance	5 207 018	6 123 872
	Grants received	178 833 881	168 735 900
	VAT on Grants	(566 036)	(827 273)
	Repaid to National Revenue Fund	(2 240 488)	(218 370)
	Conditions met - Operating	(174 917 903)	(165 125 907)
	Conditions met - Capital	(997 402)	(3 481 202)
	Conditions still to be met/(Grant expenditure to be recovered)	**5 319 069**	**5 207 020**
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	5 319 072	5 207 020
	Unpaid Conditional Government Grants and Receipts	-	(2)
	Total	**5 319 072**	**5 207 018**

19 CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT

	2021 R	2020 R
Contributed Property, Plant and Equipment	2 500 000	35 000
Total Contributed Property, Plant and Equipment	**2 500 000**	**35 000**

20 LICENCES AND PERMITS

	2021 R	2020 R
Health Certificates	88 666	84 742
Total Licences and Permits	**88 666**	**84 742**
Disclosed as follows:		
Revenue from Non-Exchange Transactions	-	-
Revenue from Exchange Transactions	88 666	84 742
Total Licences and Permits	**88 666**	**84 742**

		2021 R	2020 R
21	**DEPARTMENT OF TRANSPORT - ROADS SERVICE CHARGES**		
	Department of Transport - Roads Service Charges	151 231 929	144 642 294
	Balance previously reported	-	140 973 622
	Correction of Trade Receivable: Department of Transport Roads - Note 39.9	-	3 668 672
	Income for admin services	15 726 304	17 212 925
	Income from increase/(decrease) in Employee Benefit Asset with the Department of Transport	8 395 398	(6 334 411)
	Balance previously reported	-	-
	Correction of Trade Receivable: Department of Transport Roads - Note 39.9	-	(6 334 411)
	Total Service Charges	**175 353 631**	**155 520 808**
22	**SALES OF GOODS AND RENDERING OF SERVICES**		
	Camping Fees	4 766 839	6 334 516
	Development Charges	161 250	424 355
	Entrance Fees	56 383	206 451
	Fire Services	2 893 632	3 858 179
	Health Services	355 137	393 430
	Sale of Goods	265 518	46 219
	Total Sales of Goods and Rendering of Services	**8 498 759**	**11 263 150**
23	**RENT ON LAND**		
	Land	1 031 290	846 378
	Undeveloped Land	1 031 290	846 378
	Total Rent on Land	**1 031 290**	**846 378**
24	**RENTAL OF FACILITIES AND EQUIPMENT**		
	Investment Property	620 294	1 119 775
	Property, Plant and Equipment	222 066	136 518
	Total Rental from Fixed Assets	**842 361**	**1 256 293**
25	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Bank	947 757	1 704 977
	Financial assets	7 854 646	11 434 971
	Total Interest Earned - External Investments	**8 802 404**	**13 139 948**
26	**INTEREST EARNED - EXCHANGE TRANSACTIONS**		
	Trade Receivables	-	-
	Other Receivables	2 784 568	3 303 089
	Total Interest Earned - Outstanding Receivables	**2 784 568**	**3 303 089**
27	**OPERATIONAL REVENUE**		
	Administrative Handling Fees	282 284	465 973
	Commission	78 102	23 004
	Insurance Refund	132 753	37 757
	Staff Recoveries	56 927	338 355
	Skills Development Levy Refund	612 791	382 497
	Total Operational Revenue	**1 162 857**	**1 247 586**

28 EMPLOYEE RELATED COSTS

	2021 R	2020 R
Basic Salaries and Wages	157 287 538	145 492 840
Balance previously reported	-	145 475 241
Correction of Creditor provision: D Phokaners - Note 39.4	-	17 598
Pension and UIF Contributions	26 670 064	26 877 579
Balance previously reported	-	26 960 598
Correction of previous year disclosure	-	(83 019)
Medical Aid Contributions	25 957 763	24 214 955
Balance previously reported	-	16 682 149
Correction of previous year disclosure	-	7 538 317
Correction of Creditor provision - Note 39.4	-	(5 511)
Overtime	4 828 467	4 412 791
Bonuses	15 345 076	13 229 448
Balance previously reported	-	12 852 030
Correction of previous year disclosure	-	375 458
Correction of Creditor provision: D Phokaners - Note 39.4	-	1 960
Motor Vehicle Allowance	10 772 554	8 689 530
Cell Phone Allowance	238 140	241 585
Housing Allowances	2 843 705	2 640 634
Other benefits and allowances	9 506 434	5 540 510
Payments in lieu of leave	2 454 516	3 567 738
Workmen's Compensation Fund	1 559 168	2 033 591
Post-retirement Benefit Obligations	-	-
Balance previously reported	-	7 830 756
Correction of previous year disclosure	-	(7 830 756)
Total Employee Related Costs	**257 463 424**	**236 941 201**

KEY MANAGEMENT PERSONNEL

Key management personnel are appointed permanently, except for the municipal manager who is appointed on a 5 year fixed contract. There are no post-employment or termination benefits payable at the end of his/her term.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Mr MG Stratu	**12 Months**	**12 Months**
Basic Salary	1 862 320	1 694 838
Pension and UIF Contributions	113 112	144 553
Medical Aid Contributions	52 953	51 269
Performance Bonus	308 522	289 692
Motor Vehicle Allowance	312 958	312 958
Cell Phone Allowance	108 000	108 000
Other benefits and allowances	13 395	21 185
Payments in lieu of leave	141 052	67 825
Total	**2 912 312**	**2 690 319**

Remuneration of Executive Manager Finance - Mr JVH de Jager	**12 Months**	**12 Months**
Basic Salary	992 957	911 935
Pension and UIF Contributions	180 545	165 933
Medical Aid Contributions	57 277	53 908
Annual Bonus	38 000	38 000
Performance Bonus	207 037	64 978
Motor Vehicle Allowance	180 000	180 000
Housing Allowances	120 000	120 000
Other benefits and allowances	28 521	21 370
Total	**1 804 338**	**1 556 124**

Remuneration of the Executive Manager Corporate Services - Mrs B Holtzhausen	**12 Months**	**12 Months**
Basic Salary	1 226 916	1 147 429
Pension and UIF Contributions	222 658	208 322
Annual Bonus	33 000	33 000
Performance Bonus	210 180	197 352
Motor Vehicle Allowance	112 423	112 423
Other benefits and allowances	9 163	12 712
Payments in lieu of leave	-	-
Total	**1 814 340**	**1 711 238**

Remuneration of the Executive Manager Community Services - Mr C Africa	**12 Months**	**12 Months**
Basic Salary	1 091 380	1 012 957
Pension and UIF Contributions	198 261	184 117
Medical Aid Contributions	57 277	53 908
Performance Bonus	198 470	186 357
Motor Vehicle Allowance	72 600	72 600
Housing Allowances	84 000	84 000
Other benefits and allowances	17 715	21 312
Total	**1 719 703**	**1 615 251**

		2021 R	2020 R
28	**EMPLOYEE RELATED COSTS (CONTINUED)**		
	Remuneration of the Executive Manager Roads - Mr JG Daniels	**12 Months**	**12 Months**
	Basic Salary	891 269	955 486
	Pension and UIF Contributions	186 733	186 705
	Medical Aid Contributions	34 866	32 605
	Performance Bonus	135 116	130 847
	Motor Vehicle Allowance	460 000	207 000
	Housing Allowances	20 000	110 000
	Other benefits and allowances	11 723	11 183
	Total	**1 739 707**	**1 633 825**
	Remuneration of Executive Manager: Planning and Economic Development – Mr L Menze	**12 Months**	**12 Months**
	Basic Salary	1 008 148	926 958
	Pension and UIF Contributions	183 280	168 637
	Medical Aid Contributions	53 312	50 033
	Performance Bonus	207 037	194 401
	Motor Vehicle Allowance	144 000	144 000
	Housing Allowances	180 000	180 000
	Other benefits and allowances	11 858	26 448
	Total	**1 787 635**	**1 690 477**
	Remuneration of Key Management Personnel - TOTAL		
	Basic Salary	7 072 991	6 649 602
	Pension and UIF Contributions	1 084 589	1 058 266
	Medical Aid Contributions	255 686	241 723
	Performance Bonus	1 266 362	1 063 627
	Annual Bonus	71 000	71 000
	Motor Vehicle Allowance	1 281 981	1 028 981
	Cell Phone Allowance	108 000	108 000
	Housing Allowances	404 000	494 000
	Payments in lieu of leave	141 052	67 825
	Other benefits and allowances	92 375	114 211
	Total Remuneration of Key Management Personnel	**11 778 037**	**10 897 235**

		2021 R	2020 R
29	**REMUNERATION OF COUNCILLORS**		
	Councillor -T Fortuin	-	344 424
	Councillor - NF Kamte	375 735	375 735
	Councillor - MP Mapitza	158 390	375 735
	Councillor - CN Lichaba	469 614	469 614
	Councillor - T van Rensburg	-	66 088
	Councillor - RE Spies	829 647	829 647
	Alderlady -T Teyisi	68 865	68 865
	Councillor - KS Lose	829 647	829 647
	Councillor - D Saayman	239 307	375 735
	Councillor - BN van Wyk	441 236	375 735
	Councillor - AJ Rossouw	375 735	375 735
	Councillor - I Stemela	-	479 212
	Councillor - EH Stroebel	68 865	68 865
	Councillor - RS Figland	-	72 163
	Alderman - V Gericke	162 744	169 208
	Alderman - BHJ Groenewald	508 379	508 379
	Councillor - E Meyer	533 217	533 217
	Alderlady - RH Ruiters	585 567	592 451
	Councillor - JJC Lambaatjeen	533 217	533 217
	Councillor - RR Wildschut	79 305	79 305
	Councillor - K Windvogel	61 021	79 296
	Councillor - L Tyokolo	79 305	79 305
	Councillor - IT Mangaliso	79 305	79 296
	Councillor - NC Jacob	-	56 707
	Alderman - M Booysen	1 091 397	1 120 721
	Councillor - SF May	375 735	375 735
	Councillor - SS Mbandezi	79 305	79 305
	Alderman - PJ van der Hoven	68 865	68 865
	Councillor - D Xego	-	64 710
	Alderman - SF de Vries	469 614	469 614
	Councillor - JP Johnson	189 636	550 556
	Councillor - ASM Windvogel	79 305	79 305
	Alderlady - JL Hartnick	375 735	375 735
	Councillor - N Tsengwa	16 639	37 840
	Councillor - NV Gungubele	375 735	274 731
	Alderlady - GR Wolmarans	79 305	48 684
	Councillor - D Pofadder	-	21 105
	Councillor - WT Harris	375 735	20 874
	Councillor - J Fry	68 865	18 512
	Councillor - G Boezak	79 305	9 167
	Alderlady - IC Kritzinger	535 941	28 949
	Councillor - X Matyila	79 305	4 626
	Councillor - MG Matiwane	60 140	-
	Councillor - HD Ruiters	44 685	-
	Councillor - FN Mdumiso	173 727	-
	Councillor - A Barker	103 024	-
	Councillor - N Magopeni	8 954	
	Total Councillors' Remuneration	**11 210 052**	**11 466 616**

	2021 R	2020 R

29 REMUNERATION OF COUNCILLORS (CONTINUED)

Remuneration paid to Councillors can be summarised as follows:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	244 656	261 749	505 079	79 913	1 091 397
Deputy-Mayor	525 605	39 562	20 400	-	585 567
Speaker	339 104	87 836	20 400	61 039	508 379
Executive Committee Members	2 556 316	632 137	163 114	216 751	3 568 318
Councillors	3 616 871	731 556	822 721	285 244	5 456 391
Total Councillors' Remuneration	**7 282 551**	**1 752 840**	**1 531 713**	**642 947**	**11 210 052**

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker, Chief Whip and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

The Executive Mayor is entitled to stay at the mayoral residence owned by the Council at no cost.

30 BAD DEBTS WRITTEN OFF

	2021 R	2020 R
Bad Debts Written Off	413 392	4 394 304
	413 392	**4 394 304**

31 CONTRACTED SERVICES

	2021 R	2020 R
Outsourced Services	3 068 387	3 490 304
Balance previously reported	-	3 461 498
Correction of Creditor provision - Note 39.4	-	28 806
Consultants and Professional Services	9 301 269	7 905 906
Balance previously reported	-	7 891 106
Correction of Creditor provision - Note 39.4	-	14 800
Contractors	12 925 500	10 032 652
Balance previously reported	-	9 876 598
Correction of Creditor provision - Note 39.4	-	156 054
Total Contracted Services	**25 295 156**	**21 428 861**

32 DEPRECIATION AND AMORTISATION

	2021 R	2020 R
Property, Plant and Equipment	3 785 000	4 401 641
Intangible Assets	264 636	316 818
Investment Property carried at cost	121 783	111 866
Total Depreciation and Amortisation	**4 171 419**	**4 830 325**

33 FINANCE COSTS

	2021 R	2020 R
Long-term Borrowings	54 527	36 703
Payables	-	887
Total Finance Costs	**54 527**	**37 591**

34 TRANSFERS AND SUBSIDIES

	2021 R	2020 R
Operational	3 564 963	3 213 899
Allocations In-kind	-	-
Households	-	-
Balance previously reported	-	2 218 114
Correction of Creditor Provision - Note 39.4	-	15 000
Correction of classification between Allocations In-kind and Monetary Allocations - Note 34	-	(2 233 114)
Monetary Allocations	3 564 963	3 213 899
Households	1 913 848	2 583 114
Balance previously reported	-	350 000
Correction of classification between Allocations In-kind and Monetary Allocations - Note 34	-	2 233 114
Non-profit Institutions	1 651 114	630 785
Total Transfers and Subsidies	**3 564 963**	**3 213 899**

		2021 R	2020 R
35	**OPERATIONAL COSTS**		
	Achievements and Awards	163 544	160 382
	Advertising, Publicity and Marketing	1 389 943	619 311
	Balance previously reported	-	614 499
	Correction of Creditor Provision - Note 39.4	-	4 813
	Audit Fees	3 714 355	4 178 096
	Bank Charges, Facility and Card Fees	98 633	112 073
	Bursaries (Employees)	349 538	637 252
	Cleaning Services	301 474	139 307
	Balance previously reported	-	138 922
	Correction of Creditor Provision - Note 39.4	-	385
	Courier and Delivery Services	11 784	27 490
	Communication	3 567 861	3 079 427
	Deeds	4 514	6 166
	Drivers Licences and Permits	27 762	38 623
	Entrance Fees	-	29 963
	Entertainment	30 119	25 848
	External Computer Service	3 056 359	2 526 935
	Balance previously reported	-	2 611 690
	Correction of previous year invoice paid in advance taken to expenditure - Note 39.2	-	(84 755)
	Full Time Union Representative	96 397	78 958
	Hire Charges	14 595 605	4 110 655
	Balance previously reported	-	4 116 505
	Correction of Creditor Provision - Note 39.4	-	(5 850)
	Insurance Underwriting	205 770	1 891 699
	Learnerships and Internships	383 229	966 925
	Licences	123 102	801 331
	Municipal Services	5 206 720	4 909 704
	Printing, Publications and Books	542 006	420 124
	Professional Bodies, Membership and Subscription	2 903 782	2 522 365
	Balance previously reported	-	2 518 172
	Correction of Creditor Provision - Note 39.4	-	4 192
	Registration Fees	949 791	945 003
	Balance previously reported	-	902 732
	Correction of Creditor Provision - Note 39.4	-	42 271
	Rewards Incentives	38 499	46 235
	Road Worthy Test	42 923	-
	Samples and Specimens	938 386	1 133 241
	Skills Development Fund Levy	1 115 620	966 513
	Travel and Subsistence	7 742 756	8 973 941
	Uniform and Protective Clothing	993 206	1 168 232
	Vehicle Tracking	-	768
	Wet Fuel	-	365
	Total Operational Costs	**48 593 677**	**40 516 931**
36	**REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES**		
	Receivables from Exchange Transactions - Note 8	(4 197 309)	(4 223 578)
	Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	**(4 197 309)**	**(4 223 578)**
37	**GAINS/ (LOSS) ON SALE OF FIXED ASSETS**		
	Property, Plant and Equipment and Intangible Assets	(554 454)	(151 749)
	Balance previously reported	-	(187 070)
	Correction of assets previously disposed now found - Note 39.5 & 39.6	-	35 321
	Investment Property	-	-
	Total Gains/ (Loss) on Sale of Fixed Assets	**(554 454)**	**(151 749)**
38	**REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS**		
	Investment Property	-	(29 274 822)
	Intangible Assets	(21 472)	-
	Property, Plant and Equipment	-	(1 119 165)
	Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets	**(21 472)**	**(30 393 987)**

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A.A.
30 November 2021

39 CORRECTION OF ERROR IN TERMS OF GRAP 3

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

39.1 Taxes

	2020 R	2019 R
Balance previously reported	1 955 609	3 278 029
Correction of previous year receipts not processed on debtor system	45 969	45 969
Correction of Creditor Provision - Note 15.	12 489	1 080
Restated Balance	**2 014 066**	**3 325 078**

39.2 Receivables from Exchange Transactions

	2020 R	2019 R
Balance previously reported	9 453 750	25 471 903
Correction of previous year debtors raised - Note 8	(959 019)	(959 019)
Correction of Trade Receivables Suspense Account - Note 8	(28 597)	(28 597)
Correction of previous year receipts not processed on debtor system - Note 8	(352 426)	(352 426)
Correction of Trade Receivable: Department of Transport Roads - Note 8.	22 945 957	35 383 491
Correction of previous year invoice paid in advance taken to expenditure - Note 8	84 755	-
Restated Balance	**31 144 420**	**59 515 352**

39.3 Inventory

	2020 R	2019 R
Balance previously reported	3 219 489	2 730 766
Correction of water contaminated fuel not written off in previous period - Note 7	(95 155)	(95 155)
Restated Balance	**3 124 334**	**2 635 612**

39.4 Trade and Other Payables from Exchange Transactions

	2020 R	2019 R
Balance previously reported	17 269 550	27 990 101
Correction of Creditor Provision: D Phokaners - Note 13.	62 182	42 624
Correction of incorrect allocation in previous year - Note 13	(214 835)	(214 835)
Correction of old TASK Control account carried over from June 2018 - Note 13.	(95 917)	(95 917)
Correction of Creditor Provision - Note 13.	867 814	68 765
Restated Balance	**17 888 795**	**27 790 737**

39.5 Property, Plant and Equipment - Cost

	2020 R	2019 R
Balance previously reported	356 329 512	349 102 133
Correction of first time recognition - Note 2.2	56 235	56 235
Correction of assets previously disposed now found - Note 2.2	87 695	5 306
Restated Balance	**356 473 443**	**349 163 674**

39.6 Property, Plant and Equipment - Accumulated Depreciation and Impairment Losses

	2020 R	2019 R
Balance previously reported	(196 910 809)	(192 112 288)
Correction of assets previously disposed now found - Note 2.2	(51 390)	(4 765)
Correction of first time recognition - Note 2.2	(9 373)	-
Correction of revised useful lives - Note 2.2	112 063	81 510
Restated Balance	**(196 859 509)**	**(192 035 543)**

39.7 Cash and Cash Equivalents

	2020 R	2019 R
Balance previously reported	188 287 282	174 238 085
Correction of incorrect petty cash balances - Note 9	(51 333)	(51 333)
Restated Balance	**188 235 949**	**174 186 753**

39 CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

39.8 Accumulated Surplus/(Deficit) - 1 July 2019

	2019
Correction of water contaminated fuel not written off in previous period - Note 7	(95 155)
Correction of incorrect petty cash balances - Note 9.1	(51 333)
Correction of old TASK Control account carried over from June 2018 - Note 13	95 917
Correction of incorrect allocation in previous year - Note 13	214 835
Correction of Trade Receivables Suspense account - Note 8	(28 597)
Correction of previous year receipts not processed on debtor system - Note 8	(306 458)
Correction of first time recognition - PPE: Cost - Note 2	56 235
Correction of assets previously disposed now found - PPE: Cost - Note 2	5 306
Correction of revised useful lives - PPE: Accumulated Depreciation and Impairment Losses - Note 2	81 510
Correction of assets previously disposed now found - PPE: Accumulated Depreciation and Impairment Losses - Note 2	(4 765)
Correction of previous year debtors raised - Note 8	(959 019)
Correction of Creditor Provision: D Phokaners - Note 13	(42 624)
Correction of Trade Receivable: Department of Transport Roads - Note 8	35 383 491
Correction of Creditor Provision - Note 13	(67 685)
Total	**34 281 659**

39.9 Changes to Statement of Financial Performance

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

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Government Grants and Subsidies		169 434 382	-	169 434 382
Contributed Property, Plant and Equipment		35 000	-	35 000
Actuarial Gains		26 415 922	(9 771 794)	16 644 128
Department of Transport - Roads Service Charges		158 186 547	(2 665 739)	155 520 808
Sales of Goods and Rendering of Services		11 263 150	-	11 263 150
Rent on Land		846 378	-	846 378
Rental of Facilities and Equipment		1 256 293	-	1 256 293
Interest Earned - External Investments		13 139 948	-	13 139 948
Interest Earned - Exchange Transactions		3 303 089	-	3 303 089
Licences and Permits from Exchange Transactions		84 742	-	84 742
Operational Revenue		1 247 586	-	1 247 586
Total		**385 213 037**	**(12 437 533)**	**372 775 504**
Expenditure				
Employee related costs		(236 927 154)	(14 047)	(236 941 201)
Remuneration of Councillors		(11 466 616)	-	(11 466 616)
Bad Debts Written Off		(4 394 304)	-	(4 394 304)
Contracted Services		(21 229 201)	(199 660)	(21 428 861)
Depreciation and Amortisation		(4 851 948)	21 623	(4 830 325)
Finance Costs		(37 591)	-	(37 591)
Inventory Consumed		(35 841 371)	(532 681)	(36 374 052)
Operating Leases		(553 967)	-	(553 967)
Transfers and Subsidies		(3 198 899)	(15 000)	(3 213 899)
Operational Costs		(40 555 875)	38 944	(40 516 931)
Total		**(359 056 926)**	**(700 821)**	**(359 757 747)**
Gains and Losses				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		23 870	-	23 870
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(4 223 578)	-	(4 223 578)
Gains/(Loss) on Sale of Fixed Assets		(187 070)	35 321	(151 749)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(30 393 987)	-	(30 393 987)
Total		**(34 780 764)**	**35 321**	**(34 745 443)**
Net Surplus/(Deficit) for the year		**(8 624 653)**	**(13 103 033)**	**(21 727 687)**

40 SEPARATE DISCLOSURE FOR ROADS FUNCTION

In the prior year, applicable notes to the annual financial statements (refer below for notes referred to) separately dislosed the amounts relating to the Roads function. In line with GRAP 109, the Roads Function is fully integrated into the annual financial statements of Garden Route District Municipality and management has therefore made a decision to no longer disclose amounts relating to the Roads Function separately. To assist the reader, the note below details the separately disclosed amounts as per the 2019/2020 annual financial statements and how it is then combined into the comparative amount that is reflected in the notes to the 2020/2021 annual financial statements.

The effect to the comparitive figures of the notes to the Annual Financial Statements are indicated below:

Statement of Financial Performance 30 June 2020	Previously separately disclosed at 30 June 2020		Combined disclosure at 30 June 2020
	Non-Roads R	Roads R	R
Interest earned - exchange transactions - Refer to Note 26	3 243 852	59 237	3 303 089
Employee related cost - Refer to Note 28	149 699 471	87 227 683	236 927 154
Basic Salaries and Wages	92 293 781	53 181 460	145 475 241
Pension and UIF Contributions	17 299 478	9 661 121	26 960 598
Medical Aid Contributions	9 059 932	7 622 217	16 682 149
Overtime	2 411 193	2 001 599	4 412 791
Bonuses	8 269 427	4 582 603	12 852 030
Motor Vehicle Allowance	7 198 398	1 491 132	8 689 530
Cell Phone Allowance	196 585	45 000	241 585
Housing Allowances	1 492 561	1 148 073	2 640 634
Other benefits and allowances	4 633 328	907 182	5 540 510
Payments in lieu of leave	1 203 162	2 364 576	3 567 738
Workmen's Compensation Fund	1 248 254	785 338	2 033 591
Post-retirement Benefit Obligations	4 393 373	3 437 383	7 830 756
Bad debts written off - Refer to Note 30	4 078 288	316 016	4 394 304
Contracted Services - Refer to Note 31	16 371 115	4 858 086	21 229 201
Outsourced Services	2 599 060	862 437	3 461 498
Consultants and Professional Services	7 863 746	27 360	7 891 106
Contractors	5 908 309	3 968 289	9 876 598
Transfers and Subsidies - Refer to Note 34	1 376 979	1 821 920	3 198 899
Operational:			
Monetary Allocations:			
Households	746 194	1 821 920	2 568 114
Non-profit Institutions	630 785	-	630 785
Provincial Government	-	-	-
Operational Costs - Refer to Note 35	26 914 777	13 641 097	40 555 875
Achievements and Awards	160 382	-	160 382
Advertising, Publicity and Marketing	561 428	53 071	614 499
Audit Fees	2 365 787	1 812 309	4 178 096
Bank Charges, Facility and Card Fees	96 971	15 102	112 073
Bursaries (Employees)	637 252	-	637 252
Cleaning Services	138 922	-	138 922
Courier and Delivery Services	27 490	-	27 490
Communication	2 524 158	555 270	3 079 427
Deeds	6 166	-	6 166
Drivers Licences and Permits	38 623	-	38 623
Entrance Fees	29 963	-	29 963
Entertainment	18 540	7 308	25 848
External Computer Service	2 611 690	-	2 611 690
Full Time Union Representative	78 958	-	78 958
Hire Charges	971 180	3 145 324	4 116 505
Insurance Underwriting	1 891 699	-	1 891 699
Learnerships and Internships	778 627	188 298	966 925
Licences	773 453	27 877	801 331
Municipal Services	3 661 203	1 248 502	4 909 704
Printing, Publications and Books	95 831	324 292	420 124
Professional Bodies, Membership and Subscription	1 879 243	638 930	2 518 172
Registration Fees	876 569	26 163	902 732
Rewards Incentives	46 235	-	46 235
Samples and Specimens	1 133 241	-	1 133 241
Skills Development Fund Levy	966 513	-	966 513
Travel and Subsistence	4 214 204	4 759 738	8 973 941
Uniform and Protective Clothing	329 317	838 914	1 168 232
Vehicle Tracking	768	-	768
Wet Fuel	365	-	365
Reversal of impairment loss / (impairment loss) on receivables - Refer to Note 36	(3 846 210)	(377 368)	(4 223 578)
Receivables from Exchange Transactions - Note 8	(3 846 210)	(377 368)	(4 223 578)

40 SEPARATE DISCLOSURE FOR ROADS FUNCTION (CONTINUED)

	Previously separately disclosed at 30 June 2020		Combined disclosure at 30 June 2020
	Non-Roads	Roads	
	R	R	R
Inventories recognised as an expense during the year - Note 7.1			
Consumables	2 744 889	32 731 451	35 476 340
Materials & Supplies	365 032	-	365 032
Statement of Financial Posistion 30 June 2020			
Receivables from exchange transactions - Note 8	4 214 643	5 239 107	9 453 750
Property Rentals	2 266 954	-	2 266 954
Ambulance and Fire Fighting Fees	31 194 908	-	31 194 908
Other Arrears	3 670 588	421 285	4 091 873
Government subsidies: Department of Transport - Roads	-	5 195 190	5 195 190
Less: Provision for Debt Impairment	(32 917 807)	(377 368)	(33 295 175)
Bank Accounts - Note 9.1	186 428 788	1 858 494	188 287 282
Current Accounts	186 353 956	1 850 094	188 204 049
Cash On-hand	74 833	8 400	83 233
Non-Current Employee Benefits - Note 11	78 519 442	57 237 702	135 757 144
Provision for Post Retirement Health Care Benefits	69 682 000	50 600 000	120 282 000
Provision for Ex-Gratia Pension Benefits	131 442	435 702	567 144
Provision for Long Service Awards	8 706 000	6 202 000	14 908 000
Current Employee Benefits - Note 12	29 210 566	11 481 028	40 691 594
Performance Bonuses	1 131 246		1 131 246
Staff Bonuses	3 924 019	2 745 281	6 669 299
Staff Leave	13 904 229	8 735 747	22 639 976
Current Portion of Non-Current Provisions	10 251 072	-	10 251 072
Trade and Other Payables from exchange transactions - Note 13	12 086 940	5 182 610	17 269 550
Trade Payables	8 441 543	4 850 965	13 292 507
Consumer Advance Payments	518 682	-	518 682
Control, Clearing and Interface Accounts	932 930	-	932 930
Other Payables	2 116 736	331 645	2 448 381
Retentions	77 050	-	77 050
Non-Current Employee Benefits disclosures in Note 11			
Provision for Post Retirement Health Care Benefits - Note 11.1			
The liability in respect of past service has been estimated to be as follows:	69 682 000	50 600 000	120 282 000
In-service members	20 789 000	18 746 000	39 535 000
In-service non-members	-	-	-
Continuation members	48 893 000	31 854 000	80 747 000
Provision for Ex-Gratia Pension Benefits - Note 11.2			
The amounts recognised in the Statement of Financial Position are as follows:	131 442	435 702	567 144
Present value of fund obligations	131442	435 702	567 144
Provision for Long Service Bonuses - Note 11.3			
The amounts recognised in the Statement of Financial Position are as follows:	8 706 000	6 202 000	14 908 000
Present value of fund obligations	8 706 000	6 202 000	14 908 000

		2021 R	2020 R
41	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	(17 542 139)	(21 727 687)
	Adjustments for:		
	Depreciation and Amortisation	4 171 419	4 830 325
	Loss/(Gain) on Sale of Fixed Assets	554 454	151 749
	Impairment Loss/(Reversal of Impairment Loss)	21 472	30 393 987
	Contributed Property, Plant and Equipment	(2 500 000)	(35 000)
	Government Grants and Subsidies received	178 833 881	168 735 900
	Government Grants and Subsidies repaid to National Revenue Fund	(2 240 488)	(218 370)
	Government Grants and Subsidies recognised as revenue	(176 481 341)	(169 434 382)
	Contribution from/to provisions - Non-Current Receivables	(2 424 522)	(3 437 383)
	Contribution from/to provisions - Non-Current Receivables - Actuarial losses	373 907	9 837 087
	Contribution from/to provisions - Non-Current Receivables - Actuarial gains	(6 344 783)	(65 293)
	Contribution from/to provisions - Non-Current Employee Benefits	6 152 790	7 830 757
	Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	5 845 539	81 516
	Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(368 973)	(26 497 436)
	Contribution from/to - Current Employee Benefits	2 707 869	2 804 031
	Contribution to provisions – Bad Debt	4 487 090	4 846 321
	Operating Surplus/(Deficit) before changes in working capital	(4 753 824)	8 096 123
	Changes in working capital	(2 624 180)	14 433 663
	Increase/(Decrease) in Trade and Other Payables	10 298 780	(9 901 943)
	Increase/(Decrease) in Taxes	85 247	1 311 012
	(Increase)/Decrease in Inventory	(134 757)	(488 722)
	(Increase)/Decrease in Trade Receivables from Exchange Transactions	(12 971 413)	23 524 610
	(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	-	100 556
	(Increase)/Decrease in Operating Lease Asset	97 961	(111 850)
	Cash generated/(absorbed) by operations	(7 378 005)	22 529 786

42 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

	2021 R	2020 R
Current Accounts - Note 9	169 715 819	188 204 049
Cash Floats - Note 9	35 900	31 900
Total cash and cash equivalents	**169 751 719**	**188 235 949**

43 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

	2021 R	2020 R
Cash and Cash Equivalents - Note 42	169 751 719	188 235 949
Less:	(5 319 072)	(5 207 021)
Unspent Transfers and Subsidies - Note 14	(5 319 072)	(5 207 021)
Net cash resources available for internal distribution	164 432 647	183 028 929
Allocated to:		
Capital Replacement Reserve	(26 388 593)	(31 856 144)
Employee Benefit Reserve	(34 124 774)	(33 429 212)
Resources available for working capital requirements	**103 919 280**	**117 743 573**

44 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

	2021 R	2020 R
Long-term Liabilities - Note 10	608 819	391 265
Used to finance property, plant and equipment - at cost	(608 819)	(391 265)
Cash invested for repayment of long-term liabilities	**-**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

45 BUDGET INFORMATION

45.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to increased expenditure on Roads due to exceptional performance from the applicable deparment, as well as differences in the split between current and non-current assets and liabilities when comparing budgeted to actual results.

Explanation of variances greater than 10% and R500,000: Final Budget and Actual Amounts

45.2 Statement of Financial Position

45.2.1 Current Assets **Variance**

Other Debtors 73,82%

Larger than expected receivable at year-end from the Western Cape Department of Transport due to increased activity from the Roads department of GRDM when compared to the same period in the prior year (which was hampered due to the COVID lockdown restrictions). The receivable increased by *circa* R10 million between the current and the prior year.

Inventory 19,35%

Actual inventory at year-end larger than expected due to inventory purchases processed prior to year-end.

		2021 R	2020 R

45 BUDGET INFORMATION (CONTINUED)

45.2.2 Non-Current Assets

Investment Property -37,22%

Significant impairment in the carrying value of Investment Properties was processed in the 2019/20 financial year (R30 million) which was finalised only in March 2021 and therefore was not adjusted for during the final adjustment budget for 2020/21 which was approved in February 2021.

Intangible Assets -26,64%

Budgeted amount for closing balance on Intangibles smaller by R569,000 due to expected purchases not realising in the ICT section.

45.2.3 Current Liabilities

Borrowing 100,00%

Short term portion of finance leases (R535,919) was not included under current liabilities

Trade and Other Payables -10,53%

Final balance of outstanding payments to suppliers were lower than expected at the time of the budget approval.

Provisions 14,22%

Current employee benefits are larger than expected at the time of the budget by *circa* R5 million. Council approved a new Exit Gratuity policy in June 2021 that resulted in an increase in current liabilities of R1.6m. Also, the increase in post-retirement benefit liabilities as calculated by the actuaries were larger than what was budgeted for.

Statement of Financial Performance

45.2.4 Revenue (excluding capital transfers and contributions)

Rental of Facilities and Equipment -48,16%

Income from holiday resorts were noticably less due to the impact of COVID 19 on tourism. This were brough about by restrictions on movement, the resorts being closed under lockdown regulations and decrease in travel by South African and international visitors.

Interest Earned - External Investments -27,20%

Significant decrease in interest rates in 2020/21 compared to 2019/20 resulted in the budgeted amount being larger than what was actually achieved in the year under review.

Interest Earned - Outstanding Debtors -24,94%

Significant decrease in interest rates in 2020/21 compared to 2019/20 resulted in the budgeted amount being larger than what was actually achieved in the year under review.

Agency Services -92,45%

Service charges revenue was budgeted for in this line item, however the actual is recorded in Other Revenue.

Other Revenue 979,23%

Service charges revenue was budgeted for under “Agency Services”, however the actual is recorded here.

Other Revenue is aggregated on the Statement of Budget Comparison and is the sum of the following items on the Statement of Financial Performance: Actuarial Gains, Department of Transport - Roads Service Charges, Sales of Goods and Rendering of Services and Operational Revenue, minus Income for Admin Services as per note 21. This is done in accordance with National Treasury validations for budget and reporting regulations.

45.2.5 Expenditure

Remuneration of Councillors -16,09%

Councillors did not receive an annual increase in 2020/21 as was expected at the time of the budget.

Debt Impairment 150,43%

Due to outstanding fire fighting accounts outstanding for one year or more and impaired 100% in 2020/21. The reason for non-payment of fire fighting accounts is dispute regarding the origin of fire.

Depreciation and Asset Impairment -15,93%

An unexpected net impairment loss of R30m on Property Plant and Equipment and Investment Property from a valuation exercise performed by an independent valuer finalised only in March 2021, is the cause of this significant variance. The adjustment budget for 2020/21 was approved in February 2021.

Other Materials -18,93%

The Roads department spent less on other materials than what was expected at the time of the budget approvals. This is attributable to change in projects/schedules during the year as approved in conjunction with the District Roads Engineer.

Contracted Services -31,66%

The Roads department spent less on contracted services than what was expected at the time of the budget approvals. This is attributable to change in projects/schedules during the year as approved in conjunction with the District Roads Engineer.

Transfers and Grants 49,13%

R1.2m was transferred to George Municipality in order to participate in a project to address illegal dumping - these funds were included in GRDM's operational expenditure at the time of the budget.

	2021 R	2020 R

45 BUDGET INFORMATION (CONTINUED)

Other Expenditure -35,29%

The Roads department spent less on other expenditure than what was expected at the time of the budget approvals. This is attributable to change in projects/schedules during the year as approved in conjunction with the District Roads Engineer.

Other Expenditure is aggregated on the Statement of Budget Comparison and is the sum of the following items on the Statement of Financial Performance: Operating Leases, Operational Costs, Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value and a portion of Inventory Consumed, being "Materials and Supplies|" as per note 7.1. This is done in accordance with National Treasury validations for budget and reporting regulations.

Loss on Disposal of PPE 100,00%

A number of assets (mainly cellphones and tablets) to the value of R554,000 reached the end of their useful lives during 2020/21 and was approved for write-off.

45.2.6 Capital Transfers & Contributions

Transfers Recognised - Capital 100,00%

Capital transfers were included in the ' Transfers Recognised - Operational' in the budget.

Cash Flow Statement

45.2.7 Net Cash from/(used) Operating Activities

Other Revenue -23,52%

The Roads function's operations were adversely affected by the COVID 19 pandemic, resulting in significantly lower expenditure than what was included in the budget and therefore lower revenue/cash receipts from claims from the Western Cape Department of Transport and Public Works.

Government - Capital 100,00%

Government - Capital receipts were included in Government - Operating in the budget.

Interest -44,29%

Significant decrease in interest rates in 2020/21 resulted in the budgeted amount being larger than what was actually achieved in the year under review.

Suppliers and Employees -16,07%

The Roads function's operations were adversely affected by the COVID 19 pandemic, resulting in significantly lower expenditure than what was included in the budget.

Government grants repaid 100,00%

Government grants repaid were included in Government - Operating receipts in the budget.

Transfers and Grants 49,13%

R1.2m was transferred to George Municipality in order to participate in a project to address illegal dumping - these funds were included in GRDM's operational expenditure at the time of the budget.

45.2.8 Net Cash from/(used) Investing Activities

Capital Assets -175,21%

Budgeted amount included non-cash increase in capital assets - mainly a donated desalination plant (R2.5 million) and new finance leases (*circa* R700,000)

45.2.9 Net Cash from/(used) Financing Activities

Repayment of Borrowing 100,00%

Variance due to repayment of finance lease borrowings in actual that was not included in the budget.

45.2.10 Cash and Cash Equivalents at the year begin:

Cash and Cash Equivalents at the year begin 21,79%

Cash balance larger at beginning of the year than what was anticipated at the time of the budget.

46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

46.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

	2021 R	2020 R
Opening balance	35 263 003	19 637 033
Unauthorised expenditure current year - operational	702 108	33 657 910
Unauthorised expenditure current year - capital	665 327	577 463
Approved by Council or condoned	(35 263 003)	(18 609 403)
Unauthorised expenditure awaiting authorisation	**1 367 435**	**35 263 003**

Unauthorised expenditure current year - operating	2021 Actual R	2021 Final Budget R	2021 Variance R	2021 Unauthorised R
Vote 1 - Executive and Council	47 863 273	55 795 299	7 932 026	-
Vote 2 - Budget and Treasury Office	23 598 626	25 235 641	1 637 015	-
Vote 3 - Corporate Services	44 552 142	44 777 317	225 175	-
Vote 4 - Planning and Development	25 065 485	27 897 855	2 832 370	-
Vote 5 - Public Safety	33 831 765	34 203 920	372 155	-
Vote 6 - Health	37 449 330	36 747 222	(702 108)	(702 108)
Vote 7 - Community and Social Services	-	-	-	-
Vote 8 - Sport and Recreation	11 392 659	12 638 520	1 245 861	-
Vote 9 - Waste Management	4 972 285	6 612 192	1 639 907	-
Vote 10 - Roads Transport	2 237 400	3 853 000	1 615 600	-
Vote 11 - Waste Water Management	-	-	-	-
Vote 12 - Water	-	-	-	-
Vote 13 - Environment Protection	3 275 875	3 338 988	63 113	-
Vote 14 - Roads Agency Function	161 343 109	189 008 706	27 665 598	-
	395 581 949	**440 108 661**	**44 526 711**	**(702 108)**

46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)

Unauthorised expenditure current year - capital	2021 Actual R	2021 Final Budget R	2021 Variance R	2021 Unauthorised R
Vote 1 - Executive and Council	4 236 752	4 367 840	131 088	-
Vote 2 - Budget and Treasury Office	84 504	86 160	1 656	-
Vote 3 - Corporate Services	2 051 223	2 461 488	410 265	-
Vote 4 - Planning and Development	251 991	178 576	(73 415)	(73 415)
Vote 5 - Public Safety	432 336	30 376	(401 960)	(401 960)
Vote 6 - Health	115 651	49 680	(65 971)	(65 971)
Vote 7 - Community and Social Services	-	-	-	-
Vote 8 - Sport and Recreation	5 646 301	5 522 320	(123 981)	(123 981)
Vote 9 - Waste Management	-	-	-	-
Vote 10 - Roads Transport	1 003 718	1 400 000	396 282	-
Vote 11 - Waste Water Management	-	-	-	-
Vote 12 - Water	-	-	-	-
Vote 13 - Environment Protection	-	-	-	-
Vote 14 - Roads Agency Function	-	-	-	-
	13 822 476	**14 096 440**	**273 964**	**(665 327)**

46.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:	2021 R	2020 R
Opening balance	887	774 511
Interest: Creditors	-	887
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	(887)	(774 511)
Fruitless and wasteful expenditure awaiting condonement	**-**	**887**

46.3 Irregular expenditure

Reconciliation of irregular expenditure:	2021 R	2020 R
Opening balance	63 969 981	167 757 049
Irregular expenditure current year	-	8 843 364
Irregular expenditure - prior year	107 208	-
SCM Reg 29(2) Composition of the Bid Adjudication Committee (see disclosure below) - current year	22 261 649	47 370 691
Balance previously reported	-	44 585 532
Correction of Irregular Expenditure Incurred	-	2 785 160
SCM Reg 32 Contracts secured by other organs of state (see disclosure below)	-	188 679
Irregular expenditure written-off as irrecoverable supported by council i.t.o section 32 of MFMA	(53 617 575)	(160 189 803)
Irregular expenditure awaiting further action	**32 721 262**	**63 969 981**

The irregular expenditure of 2020/2021 relates mostly to the Bid Adjudication Committee that was not constituted correctly R22 261 649 (2020: R47 370 691)

Composition of the Bid Adjudication Committee

For the 2018/19 statutory audit, the Office of the Auditor General's technical department issued a clarification regarding the interpretation and application of SCM Reg 29(2) regarding the composition of the bid adjudication committee (BAC). Membership to the committee requires, amongst others, the CFO, as well as a Senior SCM Practitioner. In the past, due to capacity constraints, the CFO was regarded to also fulfill the requirement of the Senior SCM Practitioner. However, the clarification stated that these must be two different officials. It was therefore concluded that the BAC was not constituted as per reg 29(2) and this non-compliance results in all formal tenders to be considered to be irregular expenditure.

It should be noted that this non-compliance did not result in any loss to Council as the award would not have been granted to a different bidder. The Manager: SCM did attend the BAC meetings in an advisory capacity, therefore the inputs from the "Senior SCM Practitioner" was given at the BAC meeting. The irregular expenditure is purely based on the fact that the Manager: SCM should have been a member of the BAC, not only an advisor.

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

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

47.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

	2021 R	2020 R
Opening balance	-	-
Council subscriptions	73 270	69 015
Amount paid - current year	(73 270)	(69 015)
Balance unpaid (included in creditors)	**-**	**-**

47.2 Audit fees - [MFMA 125 (1)(c)]

	2021 R	2020 R
Opening balance	154 389	-
Current year audit fee	3 714 355	4 178 126
Amount paid - current year	(3 820 066)	(4 023 737)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	**48 678**	**154 389**

47.3 VAT - [MFMA 125 (1)(c)]

	2021 R	2020 R
Amount paid - current year	130 077	650 879
Amount previously disclosed	-	-
Correction of disclosure	-	650 879

VAT input receivables and VAT outputs payable are shown in note 15.
All VAT returns have been submitted by the due date throughout the year.

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

47.4 PAYE, UIF and SDL - [MFMA 125 (1)(c)]

	2021 R	2020 R
Opening balance	-	-
Current year payroll deductions	39 622 937	35 397 375
Balance previously disclosed	-	34 430 862
Correction of disclosure to include SDL	-	966 513
Amount paid - current year	(39 622 937)	(35 397 375)
Balance previously disclosed	-	(34 430 862)
Correction of disclosure to include SDL	-	(966 513)
Balance unpaid (included in creditors)	**-**	**-**

47.5 Pension and Medical Aid Contributions - [MFMA 125 (1)(c)]

	2021 R	2020 R
Opening balance	-	-
Current year pension and medical aid contributions	45 271 540	42 616 467
Amount paid - current year	(39 211 860)	(42 616 467)
Balance unpaid (included in creditors)	**6 059 681**	**-**

47.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillor had a arrear account outstanding for more than 90 days during the year.

	Total	90+ Days
30 June 2021		
The following amount is outstanding for overpayment of Councillor remuneration:		
V Gericke	107 208	107 208
30 June 2020		
The following amount is outstanding for overpayment of Councillor remuneration:		
V Gericke	113 208	113 208

47.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. Deviations for the amount of R1,971,051 has been condoned by council.

Deviations per deviation type can be summarised as follows:

	2021 R	2020 R
Emergency	884 990	3 701 386
Impractical	991 921	2 005 081
Single Supplier	94 140	664 135
	1 971 051	**6 370 603**

Deviations from procurement processes in terms of section 36 of the Supply Chain Management Regulations were identified on the following categories:

30 June 2021	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Community Services	43 157	372 544	899 301	-
Corporate/Strategic Services	14 357	-	-	-
Financial Services	19 705	-	-	-
Office of the Municipal Manager	30 198	208 446	-	-
Office of the Political Staff	-	-	-	-
Planning and Economic Development Services	-	-	229 885	-
Roads Services	153 458	-	-	-
	260 875	**580 990**	**1 129 186**	**-**

The major deviations were as follows:

Awarded to	Reason/Explanation	Amount
Working on fire	Emergency	685 070
World Travel Market WTM Africa 2021	Impractical Procurement Process	229 885
JPCE	Impractical Procurement Process	214 231
JPCE	Impractical Procurement Process	185 570
South Cape Fire Protection Ass	Emergency	138 419
Mfinci Bahlmann Incorporated Attorneys	Impractical Procurement Process	114 007
Total		**1 567 181**

47.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005 (continued)

30 June 2020	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Community Services	271 620	506 174	1 736 953	-
Corporate/Strategic Services	42 562	298 108	228 689	-
Financial Services	30 956	1 515 332	229 874	-
Office of the Municipal Manager	-	32 390	-	-
Office of the Political Staff	-	-	979 020	-
Planning and Economic Development Services	53 397	-	-	-
Roads Services	445 530	-	-	-
	844 064	**2 352 003**	**3 174 536**	**-**

	2021 R	2020 R

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

The major deviations were as follows:

Awarded to	Reason/Explanation	
Working on fire	Emergency	587 618
Working on fire	Emergency	451 630
Working on fire	Emergency	409 485
Heather Park Super Spar	Emergency	288 221
Isolomzi Security Services	Emergency	285 218
Isolomzi Security Services	Emergency	260 889
TOTAL SA	Impractical Procurement Process	229 874
ESRI South Africa	Single Supplier	228 689
Isolomzi Security Services	Emergency	218 944
Isolomzi Security Services	Emergency	213 969
TOTAL SA	Impractical Procurement Process	199 351
TOTAL SA	Impractical Procurement Process	186 772
TOTAL SA	Impractical Procurement Process	186 772
TOTAL SA	Impractical Procurement Process	169 747
ISM/Juvinon Systems	Emergency	165 500
Total		**4 082 679**

47.8 Awards to close family members of persons in the service of the state

The following purchases were made from close family members of persons in the service of the state :

2020/2021 Financial Year

Supplier	Name	State Department	Actual Expenditure R	Awarded Amount R
Shabby to Chick - Zingfontein Estates	J Stander	J Stander's (Manager Finance Garden Route District Municipality) brother-in-law owns Shappy to Chick	59 710	59 710
Piston Power Chemicals CC	Ujush Andhee	Nadira Andhee (wife) - teacher at KZN Department of Education	504 383	Rate Based
Lezmin 2021 t/a K1 Quarries	Spouse of C Pieterse	Secretary in South African Police Service	3 365 531	Rate Based
Henna's Catering	Child of JL du Preez	Western Cape Department of Education		
Henna's Catering	Spouse of JL du Preez	Kannaland Municipality	12 910	12 910
Henna's Catering	Child of JL du Preez	Department of Agriculture		
Eden Community Hope Outreach	Spouse of C van Blerk	Western Cape Department of Education	181 500	181 500
Group Editors	AM Aucamp	AM Aucamp(Accountant Stores - Garden Route District Municipality) sister in law is an employee of Group Editors	209 456	209 456
GIBB (Pty) Ltd	Diane Alderman Alan Moon Thando Gqobo Sonnika Cilliers Nokuthula Mkhize Jacqueline Gooch Douglas Kiewiet Rajiv Beharie Unati Lekonyana K Naidoo	Eastern Cape Department of Education City of Cape Town Ethekweni Municipality Department of Education National Department of Water Affairs & Forestry Department of Transport & Public Works Department of Water Affairs & Forestry Eskom Department of National Treasury Gauteng Department of Education	646 990	908 000
Genela Security Training and Projects	Councillor V. Gericke	Sister's brother owns Genela Security Training and Projects	177 190	177 190
School of Public Leadership (SPL) - University of Stellenbosch	FEM Douglas	Spouse of GRDM Chief: Municipal Heath is Lecturer & Academic Head: Social Impact at SPL	839 285	Rate Based
Mubesko Africa (Pty) Ltd	Spouse of H Niehaus Spouse of B Saaiman	Western Cape Department of Education Northen Cape Department of Health	1 053 689	Rate Based
Nedbank	D Krohn	Spouse of GRDM official is Service Manager at Nedbank	89 165	Rate Based
The Business Zone 1681 (ProWorx)	Mother of R Meyer	South African Police Service	11 748	11 748
JPCE (Pty) Ltd	Spouse of JJ Minnie	City of Cape Town	399 800	400 000
			7 551 359	

		2021 R	2020 R

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

47.8 Awards to close family members of persons in the service of the state (continued)

2019/2020 Financial Year

The following purchases were made from close family members of persons in the service of the state :

Supplier	Name	State Department	Actual Expenditure R	Awarded Amount R
IGB Trading	NM Boumeester	NM Boumeester's (Administrative Assistant Garden Route District Municipality) husband owns IGB Trading	11 722	11 722
Shabby to Chick - Zingfontein Estates	J Stander	J Stander's (Manager Finance Garden Route District Municipality) brother-in-law owns Shappy to Chick	9 630	9 630
Piston Power Chemicals CC	Ujush Andhee	Nadira Andhee (wife) - teacher at KZN Department of Education	234 969	Rate Based
Imvusa Trading	Angeline Lekay	Harold Lekay (Husband) - Oudtshoorn Municipality (Community Services - Cleaning)	-	Rate Based
R & S Communications	NW Jacobs and JG Otto	NW Jacobs's (Disaster Management Coordinator - Community Service - Garden Route District Municipality) and JG Otto's (Manager Disaster Management Community Service - Garden Route District Municipality), both their spouses works for R & S Communications.	53 802	Rate Based
2 Brothers Enterprise	AY Miles	AY Miles's (Admistrative Assistant - Garden Route District Municipality) uncle owns 2 Brothers Enterprise.	20 250	Rate Based
Group Editors	AM Aucamp	AM Aucamp(Accountant Stores - Garden Route District Municipality) sister in law is an employee of Group Editors	220 864	
	Diane Alderman	Eastern Cape Department of Education		
	Alan Moon	City of Cape Town		
	Thando Gqobo	Ethekweni Municipality		
	Sonnika Cilliers	Department of Education		
	Nokuthula Mkhize	National Department of Water Affairs & Forestry		
GIBB (Pty) Ltd	Jacqueline Gooch	Department of Transport & Public Works	742 210	Rate Based
	Douglas Kiewiet	Department of Water Affairs & Forestry		
	Rajiv Beharie	Eskom		
	Unati Lekonyana	Department of National Treasury		
	K Naidoo	Gauteng Department of Education		
Genela Security Training and Projects	Councillor V. Gericke	Mother's brother owns Genela Security Training and Projects	314 750	Rate Based
	Spouse of H Niehaus	Western Cape Department of Education		
Mubesko Africa (Pty) Ltd	Spouse of B Saaiman	Northen Cape Department of Health	1 458 982	Rate Based
Shelfplett 40	Spouse of MRJ Yonn	South African Police Service	979 020	
School of Public Leadership (SPL) - University of Stellenbosch	FEM Douglas	Spouse is Lecturer & Academic Head: Social Impact at SPL	887 555	Rate Based
Balance previously reported			-	
2019/2020 expenditure not previously disclosed			887 555	
Lezmin 2021 t/a K1 Quarries	Spouse of C Pieterse	Secretary in South African Police Service	2 705 817	Rate Based
Balance previously reported			-	
2019/2020 expenditure not previously disclosed			2 705 817	
Nedbank	D Krohn	Spouse of GRDM official is Service Manager at Nedbank	102 011	Rate Based
Balance previously reported			-	
2019/2020 expenditure not previously disclosed			102 011	
			7 741 582	

48 FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

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

	2021 R	2020 R
1% (2020: 1%) Increase in interest rates	1 696 702	1 880 614
1% (2020: 1%) Decrease in interest rates	(1 696 702)	(1 880 614)

(d) Credit Risk

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

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

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

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

The provision for bad debts could be allocated between the different classes of debtors as follows:	2021 %	2021 R	2020 %	2020 R
Rental Agreements	5,16%	1 950 269	2,95%	982 369
Ambulance and Fire Fighting Fees	91,55%	34 588 217	92,69%	30 861 302
Other Arrears	3,29%	1 243 780	4,36%	1 451 504
Total	**100,00%**	**37 782 266**	**100,00%**	**33 295 175**

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 8 and 9 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 2% where applicable.

<u>Ageing of amounts past due but not impaired are as follow:</u>	Exchange Receivables	Non-exchange Receivables
2021		
1 month past due	320 861	-
2+ months past due	159 243	-
	480 103	-
2020		
1 month past due	540 896	-
2+ months past due	1 292 680	-
	1 833 576	-

	2021 R	2020 R

48 FINANCIAL RISK MANAGEMENT (CONTINUED)

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

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

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

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

Financial assets exposed to credit risk at year end are as follows:

	2021 R	2020 R
Non-Current Receivables from Exchange Transactions	-	-
Non-Current Receivables from Non-Exchange Transactions	-	-
Receivables from exchange transactions	77 411 008	64 439 596
Cash and Cash Equivalents	169 715 819	188 204 049
	247 126 828	252 643 645

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2021	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Liabilities	561 158	73 972	-	-
Trade and Other Payables	28 187 574	-	-	-
	28 748 732	73 972	-	-

2020	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Liabilities	243 811	174 795	-	-
Trade and Other Payables	17 888 795	-	-	-
	18 132 606	174 795	-	-

	2021 R	2020 R

49 FINANCIAL INSTRUMENTS

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

49.1 Financial Assets — **Classification**

Financial Assets	Classification	2021 R	2020 R
Investments			
Unlisted Shares		27 323	26 022
Receivables from Exchange Transactions			
Property Rentals	Financial Instruments at amortised cost	3 056 284	1 914 527
Ambulance and Fire Fighting Fees	Financial Instruments at amortised cost	34 746 502	31 194 908
Other Arrears	Financial Instruments at amortised cost	39 608 222	31 330 160
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	169 715 819	188 204 049
Cash on hand	Financial Instruments at amortised cost	35 900	31 900
Total Financial Assets		**247 190 051**	**252 701 567**

			2021 R	2020 R
49	**FINANCIAL INSTRUMENTS (CONTINUED)**			
	SUMMARY OF FINANCIAL ASSETS			
	Financial Instruments at cost:			
	Investments	Unlisted shares	27 323	26 022
			27 323	**26 022**
	Financial Instruments at amortised cost:			
	Receivables from Exchange Transactions	Property Rentals	3 056 284	1 914 527
	Receivables from Exchange Transactions	Ambulance and Fire Fighting Fees	34 746 502	31 194 908
	Receivables from Exchange Transactions	Other Arrears	39 608 222	31 330 160
	Cash and Cash Equivalents	Cash on Hand	35 900	31 900
	Cash and Cash Equivalents	Bank Balances	169 715 819	188 204 049
			247 162 728	**252 675 545**
	Financial Instruments at fair value:			
	Investments	Listed Investments	27 323	26 022
			27 323	**26 022**
	Total Financial Assets		**247 217 374**	**252 727 589**

			2021 R	2020 R
49.2	**Financial Liabilities**	**Classification**		
	Long-term Liabilities			
	Capitalised Lease Liability	Financial Instruments at amortised cost	608 819	391 265
	Trade and Other Payables			
	Trade Payables	Financial Instruments at amortised cost	18 489 288	14 222 504
	Consumer Advance Payments	Financial Instruments at amortised cost	374 186	518 682
	Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	7 732 339	718 095
	Other Payables	Financial Instruments at amortised cost	1 591 762	2 352 464
	Retentions	Financial Instruments at amortised cost	-	77 050
	Cash and Cash Equivalents			
	Bank Overdraft	Financial Instruments at amortised cost	-	-
			28 796 393	18 280 060

		2021 R	2020 R
SUMMARY OF FINANCIAL LIABILITIES			
Financial instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	608 819	391 265
Trade and Other Payables	Trade Payables	18 489 288	14 222 504
Trade and Other Payables	Consumer Advance Payments	374 186	518 682
Trade and Other Payables	Control, Clearing and Interface Accounts	7 732 339	718 095
Trade and Other Payables	Other Payables	1 591 762	2 352 464
Trade and Other Payables	Retentions	-	77 050
		28 796 393	**18 280 060**

50 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

	2021 R	2020 R
Taxes		
Nett VAT Receivable	1 928 819	2 014 064
Total Statutory Receivables (before provision)	**1 928 819**	**2 014 064**
Less: Provision for Debt Impairment	-	-
Total Statutory Receivables (after provision)	**1 928 819**	**2 014 064**

51 IN-KIND DONATIONS AND ASSISTANCE

	2021 R	2020 R
The municipality received the following in-kind donations and assistance:		
Mr. Thembalethu Ncangayi (Intern from Western Cape Provincial Treasury)	118 987	99 155
Total In-kind Donations and Assistance	**118 987**	**99 155**

		2021 R	2020 R

52 PRIVATE PUBLIC PARTNERSHIPS

Garden Route District Municipality was in a process to enter into a Public Private Partnership (PPP) with Eden Waste Management, the Preferred Bidder, for a period of ten (10) years to build and operated a Regional Waste Management Facility. The PPP Agreement would have included the build and operation of a domestic and hazardous disposal facility as well as the availability of a rotating mobile chipper and crusher to the participating local municipalities. The participating local municipalities that would have made use of the facility will be Bitou, Knysna, George, Mossel Bay and Hessequa (Gouritzmond and Albertinia).

The due diligens process initiated by the Development Bank of South Africa that is the financier of the Private Partner had been completed and the final PPP process could have been concluded. The Treasury Views and Recommendation III documentations as well as the Section 33 in terms of the MFMA (contract longer than three years) process documentation were submitted to Nasional and provincial Treasury for their comments as well as to the Nasional and Provincial Sector Department for their comments - all of which had been received and addressed.

In April 2020, the Preferred Bidder informated the municipality that, due to the negative impact of COVID 19 on their business, they were unable to continue with the project. Through assistance from DBSA, a proposal was submitted to the Preferred Bidder's board in order to address the concerns raised so that the entity could still be able to continue with the project. As at year-end 30 June 2020, the board's final decision was pending, however, during the 2020/2021 financial year, the board confirmed that they are no longer able to continue with the project. The PPP process was therefore terminated.

53 CONTINGENT LIABILITY

		2021 R	2020 R
53.1	**Barry Louis Rae Trust / Farm Uitvlugt 269 Fire / Rogers**		
	Claim for damages as a result of the fire that spread (29 August until 1 September 2016). The pre-trial conference has been postponed *sine die* (indefinitely) in order to allow for the following issues to be resolved: 1. The appointment of replacement trustee to replace the late Barry Rae, who passed away earlier this month; 2. The consolidation of the Court proceedings in the Rogers Action with the Rae Family Trust Action and the Omdraai action and the separation of the mertis of these actions from quantum. We are awaiting for formal correspondence from the attorney for the Rae Family Trust in realtion to the proposed consolidaiton and separation.	4 500 000	4 500 000
53.2	**Possible Property Dispute: Calitzdorp Spa - Prins Family** The Regional Land Claims Commissioner received a land-claim during 1998, just before the cut-off date of 31 December 1998 by the Prins family. Preliminary research conducted could not show any ownership rights for the family on the claimed properties. A site visit was conducted and subsequent thereto, the office (RLLC:WC) roped in the services of the NGI to assist in plotting the identified properties on a map. The map indicated the exact properties under claim. However, the nature of rights lost by the Prins family could not be ascertain from this process. Currently, the land claim is at research stage.	5 651 350	4 410 237
53.3	**Portion of Portion 2 of the Farm Hoogekraal No.238 (Erf 832 Glentana)** Possible transfer to Mossel Bay Municipality as per signed Transfer Agreement between the parties, subject to completion of subdivision process.	32 115	32 115
	Balance previously reported	-	353 441
	Correction of error	-	(321 326)
53.4	**Portion of Erf 271, Reebok** Possible transfer to Mossel Bay Municipality as per signed Transfer Agreement between the parties, subject to completion of subdivision process.	47 714	-
53.5	**Northern Portion of Erf 3803, Mossel Bay** Possible transfer to Mossel Bay Municipality as per signed Transfer Agreement between the parties, subject to completion of subdivision process.	1 465 709	-
53.6	**Combined Summons: Province vs GRDM and Sothusile Daniel Ndengane** Damage caused to a Grader while being driven by Mr Ndengane who is employed by the Municipality. The matter was referred to the Insurance Company to defend.	54 865	-
53.7	**Combined Summons: Geelhoutvlei CC** On 09 January 2018, a veldfire originated and spread to the Plaintiffs plantation. It is alleged that the Defendants failed to extinguish this fire whilst it was still small and containable and the fire therefore spread, causing damage. Raubenheimer Attorneys was appointed to defend this matter.	13 488 244	-
53.8	**Knysna Municipality Property Dispute** Knysna Municipality has declared a dispute on properties registered in the name of Garden Route District Municipality. The Garden Route District Municipality Council has resolved to oppose the dispute.	54 244 987	-
53.9	**Labour disputes** The Labour Relations Section has the following disputes lodged for the financial year ended 30 June 2021. All disputes have not yet been finalised and only an estimation is made based on the claims put forth by the applicants and the possible outcomes as per the Code of Good Practice of the Labour Relations Act as amended.		
	V Blom & Roode	350 000	350 000
	R van Rooi	-	2 300 000
	B Ntozini	66 000	-
	Y Isaacs	36 000	-
		79 936 983	**11 592 352**

AUDITOR-GENERAL SOUTH AFRICA
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A.A.
30 November 2021

		2021 R	2020 R
54	**CONTINGENT ASSETS**		
54.1	**Portion of Portion of Erf 12406, Mossel Bay**		
	Possible transfer to Mossel Bay Municipality as per signed Transfer Agreement between the parties, subject to completion of legal processes.	910 000	
		910 000	

55 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

55.1 Related Party Transactions

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

Year ended 30 June 2021	**Transaction(s) value**	**Outstanding Balance**
Shabby to Chick – Zingfontein Estates J Stander (Garden Route District Municipality's Manager Finance) brother-in-law owns Shabby to Chick. Garden Route District Municipality received Property, plant and equipment from Shabby to Chick.	59 710	11 550
R & S Communications NW Jacobs's (Disaster Management Coordinator - Community Service - Garden Route District Municipality) and JG Otto's (Manager Disaster Management Community Service - Garden Route District Municipality), both their spouses works for R & S Communications.	-	-
Genela Security Training and Projects Councillor Gericke V (Councillor - Garden Route District Municipality) Sister son owns Genela Security Training and Projects	177 190	-
	236 900	**11 550**

Year ended 30 June 2020	**Transaction(s) value**	**Outstanding Balance**
IGB Trading NM Boumeester's (Administrative Assistant Garden Route District Municipality) husband owns IGB Trading.	-	-
Balance previously reported	11 722	-
Correction of disclosure	(11 722)	-
Shabby to Chick – Zingfontein Estates J Stander (Garden Route District Municipality's Manager Finance) brother-in-law owns Shabby to Chick. Garden Route District Municipality received Property, plant and equipment from Shabby to Chick.	9 630	-
R & S Communications NW Jacobs's (Disaster Management Coordinator - Community Service - Garden Route District Municipality) and JG Otto's (Manager Disaster Management Community Service - Garden Route District Municipality), both their spouses works for R & S Communications.	53 802	-
Group Editors Aucamp AM (Accountant: Stores - Garden Route District Municipality) sister-in-law is an employee of Group Editors	-	-
Balance previously reported	220 864	-
Correction of disclosure	(220 864)	-
Genela Security Training and Projects Councillor Gericke V (Councillor - Garden Route District Municipality) Sister son owns Genela Security Training and Projects	314 750	-
2 Brothers Enterprise AY Miles's (Admistrative Assistant - Garden Route District Municipality) uncle owns 2 Brothers Enterprise.	-	-
Balance previously reported	20 250	-
Correction of disclosure	(20 250)	-
	378 182	**-**

		2021 R	2020 R
55	**RELATED PARTIES (CONTINUED)**		

55.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 8 to the Annual Financial Statements.

55.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

55.4 Current Employee Benefits

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2021:

Name	Position	Exit Gratuity	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid
Mr MG Stratu	Municipal Manager	977 150	73 347	330 283	6 224
Mr JVH de Jager	Chief Financial Officer	-	186 053	244 693	-
Mrs B Holtzhausen	Head: Corporate Services	-	204 001	245 024	-
Mr C Africa	Head: Community Services	-	64 484	212 469	3 015
Mr JG Daniels	Head: Technical Services	-	236 313	225 004	72 896
Mr L Menze	Head: Planning and Economic Development	-	309 825	221 640	3 129
		977 150	**1 074 023**	**1 479 114**	**85 264**

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2020:

Name	Position	Exit Gratuity	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid
Mr MG Stratu	Municipal Manager	-	74 697	308 522	22 946
Mr JVH de Jager	Chief Financial Officer	-	64 261	207 037	22 250
Mrs B Holtzhausen	Head: Corporate Services	-	115 340	210 180	16 065
Mr C Africa	Head: Community Services	-	121 098	198 470	44 371
Mr JG Daniels	Head: Technical Services	-	180 697	210 180	181 587
Mr L Menze	Head: Planning and Economic Development	-	244 394	207 037	67 597
		-	**800 486**	**1 341 426**	**354 817**

		2021 R	2020 R
56	**EVENTS AFTER REPORTING PERIOD**		

No events after reporting period to disclose.

57 FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

As with most municipalities, the municipality is dependent on transfers and subsidies from National and Provincial Government.

Financial Indicators

The following ratios are considered to be key financial indicators to determine financial health and going concern:

i) Current ratio
This ratio has deteriorated from the prior to the current year. It stands at 2.86 times and is better than the norm set for municipalities

Current Ratio: (Current Assets / Current Liabilities)
Norm: 1.5 - 2.1

	30 June 2021	30 June 2020	
Current Assets	218 897 811	228 993 746	
Current Liabilities	76 480 757	64 009 993	
Current ratio	**2,86**	**3,58**	*times*

ii) Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants):
This ratio has regressed from the prior to the current year. It stands at 5 times and is better than the norm set for municipalities of 1 to 3 times.

Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants):

	30 June 2021	30 June 2020	
Cost cover	**5,0**	**6,1**	*times*

ii) Reconciliation of Available Cash and Investment Resources

Refer to note 43 that shows cash available after deduction of cash-backed items from the bank balances as at 30 June 2021.

58 DISCLOSURES IN TERMS OF BROAD BASED BLACK ECONOMIC EMPOWERMENT ACT

Information on compliance with the Broad Based Black Economic Empowerment Act is included in the annual report under the section titled B-BBBEE Compliance Performance Information.

59 COVID-19 PANDEMIC

Background

The coronavirus outbreak has been international news since December 2019, but the South African National Institute for Communicable Diseases only confirmed the first positive case of COVID-19 in South Africa on 5 March 2020. On the 23rd of March 2020 President Cyril Ramaphosa announced the nationwide lockdown. On 30 March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

COVID-19 - Impact on Municipality

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As far as possible the Municipality factored in the effect of the lockdown regulations on our economic environment. At this stage, it is still uncertain how long the pandemic will remain or how long the economy will take to recover from the lockdown levels.

COVID-19 - Response Expenditure

2020/2021 financial year		2021 R
Type of expenditure	Supplier	
Employee related cost	GRDM	4 110 069
Decontamination	GEORGE MUNICIPALITY	1 202 400
Decontamination	BIDVEST SERVICES	461 621
Decontamination	VITA AGRI	27 313
Decontamination	LOJ ENTERPRISES	25 000
Inoculation	OHSCARE	12 326
Masks, gloves and hand sanitizer	CRYSTAL PIER TRADING 148	387 074
Masks, gloves and hand sanitizer	BONGA CREATIONS	42 774
Masks, gloves and hand sanitizer	ELCARBO INDUSTRIAL SUPPLIES (PTY) LTD	41 309
Masks, gloves and hand sanitizer	PIENAAR BROTHERS	31 920
Masks, gloves and hand sanitizer	MARGOT SWISS INTERNATIONAL	21 041
Masks, gloves and hand sanitizer	LADUMA SPORTS	17 451
Masks, gloves and hand sanitizer	GLOMIX 124	12 264
Masks, gloves and hand sanitizer	LOJ ENTERPRISES	11 900
Masks, gloves and hand sanitizer	KING PIN SUPPLIERS	9 768
Masks, gloves and hand sanitizer	SAFETYMATE GEORGE	6 644
Masks, gloves and hand sanitizer	SPARKS & ELLIS	3 388
Masks, gloves and hand sanitizer	SENTRAAL-SUID KOOPERASIE BEPERK	2 981
Masks, gloves and hand sanitizer	FOWKES BROTHERS	1 310
Masks, gloves and hand sanitizer	DYLANDI DISTRIBUTORS	282
Protective Clothing	GRDM	32 403
Protective Clothing	SELECT PPE	10 209
Protective Clothing	KAREN FROST	8 852
Sanitiser Equipment	ELECTRICAL PRO WHOLESALERS	61 679
Sanitiser Equipment	BIDVEST SERVICES	53 099
Sanitiser Equipment	KING PIN SUPPLERS	30 376
Sanitiser Equipment	SENTRAAL-SUID KOOPERASIE BEPERK	28 600
Sanitiser Equipment	VITAL LIFE MEDICAL DISTRIBUTORS	25 415
Sanitiser Equipment	VIVA'S FIRE SERVICES	24 900
Sanitiser Equipment	NGAPHAYA Y2K10 TRADING	22 425
Sanitiser Equipment	OLTIN TRAIDING AND PROJECTS CC	20 848
Sanitiser Equipment	DYLANDI DISTRIBUTORS CC	19 602
Sanitiser Equipment	LOJ ENTERPRISES	19 425
Sanitiser Equipment	POLANOCORP (PTY) LTD	17 550
Sanitiser Equipment	BONGA CREATIONS	13 800
Sanitiser Equipment	ADE Equipment Trading	8 000
Sanitiser Equipment	GEOCHEM (PTY) LTD	7 019
Sanitiser Equipment	MESCO ENGINEERING	859
Thermometers	KING PIN SUPPLIERS	10 546
Thermometers	BIDVEST WALTONS	3 346
Thermometers	LOJ ENTERPRISES	1 899
Awareness Campaign	EDEN FM	9 345
		6 859 031

The Covid-19 response expenditure is funded from the following sources:

Own Revenue	3 167 044
Additional Equitable Share allocation	3 227 000
COVID-19 Municipal Health Disaster Management Grant	464 987
	6 859 031

59 COVID-19 PANDEMIC (CONTINUED)

2019/2020 financial year

Type of expenditure	Supplier	2020 R
Decontamination	PERMACODE INVESTMENTS	156 400
Decontamination	SENTRAAL-SUID KOÖPERASIE BEPERK	21 982
Decontamination	BIDVEST WALTONS	497
Decontamination	RAMCOM TRUCKS & LOAD BODIES CC	1 095
Masks, gloves and hand sanitizer	AFRISHORE LIFTING AND RIGGING	12 685
Masks, gloves and hand sanitizer	ANSTRO CATERING EQUIPMENT	1 126
Masks, gloves and hand sanitizer	BIDVEST STEINER	8 974
Masks, gloves and hand sanitizer	BM SKILLS DEVELOPMENT	29 383
Masks, gloves and hand sanitizer	CARMICA MEDICAL DISTRIBUTORS	24 594
Masks, gloves and hand sanitizer	GEOCHEM (PTY) LTD	4 216
Masks, gloves and hand sanitizer	GLOMIX 124	6 853
Masks, gloves and hand sanitizer	IMPERIAL UNIFORMS	926
Masks, gloves and hand sanitizer	IN TOUCH FURNITURE (PTY) LTD	28 750
Masks, gloves and hand sanitizer	KINGPIN SUPPLIERS	12 411
Masks, gloves and hand sanitizer	LOJ ENTERPRISES	36 570
Masks, gloves and hand sanitizer	MARGOT SWISS INTERNATIONAL (PTY) LTD	20 326
Masks, gloves and hand sanitizer	MASSBUILD	7 264
Masks, gloves and hand sanitizer	MVD PROMOTIONS T/A FANCY INC	12 820
Masks, gloves and hand sanitizer	NANO PROTECT GARDEN ROUTE	74 129
Masks, gloves and hand sanitizer	OLTIN TRADING AND PROJECTS	6 325
Masks, gloves and hand sanitizer	PHARMA WAREHOUSE	15 170
Masks, gloves and hand sanitizer	PIENAAR BROS (PTY) LTD	5 422
Masks, gloves and hand sanitizer	RINGROAD DISTRIBUTION	8 625
Masks, gloves and hand sanitizer	SAFETYMATE GEORGE	5 704
Masks, gloves and hand sanitizer	SENTRAAL-SUID KOÖPERASIE BEPERK	1 314
Masks, gloves and hand sanitizer	SINE MAC ALISTER STRYDOM T/A UNIFORMS OF GEORGE	7 350
Masks, gloves and hand sanitizer	TEESON TRUST	17 250
Masks, gloves and hand sanitizer	TONI'S R5 STORE	28 000
Masks, gloves and hand sanitizer	UNIFORMS OF GEORGE	4 986
Masks, gloves and hand sanitizer	VIVA'S FIRE SERVICES	24 900
Masks, gloves and hand sanitizer	OTHER SUPPLIERS	29 813
Sanitiser Equipment	NANO PROTECT GARDEN ROUTE PTY (LTD)	29 096
Sanitiser Equipment	WURTH SOUTH AFRICA CO	8 280
Sanitiser Equipment	M&H OFFICE EQUIPMENT	56 675
Sanitiser Equipment	VIVA'S FIRE SERVICES	22 900
Sanitiser Equipment	LOJ ENTERPRISES	19 425
Thermometers	PHARMA WAREHOUSE	25 500
Thermometers	BIDVEST STEINER	20 009
Thermometers	LOJ ENTERPRISES	19 295
Thermometers	WURTH	7 446
Food	HEATHERPARK SUPERSPAR	354 779
Food	SHOPRITE CHECKERS	160 122
Security	SHELFPLETT 40	979 020
		2 318 408

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The Covid-19 response expenditure is funded from the following sources:

Own Revenue	971 388
Municipal Disaster Relief Fund	268 000
LG Support Grant: Humanitarian Relief	100 000
Safety Plan Implementation Grant	979 020
	2 318 408

60 REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2021

For management purposes, the municipality is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Executive & Council	1.1 - Municipal Manager	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.2 - Strategic Manager	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.3 - Internal Audit	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.4 - Risk Management	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.5 - Performance Management Unit	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.6 - Marketing Publicity and Media Co-ordination	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.7 - Council General	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.8 - Legal Services	Aggregated	Office of the Municipal Manager	Supporting service departments
Vote 2 - Budget and Treasury Office	2.1 - Executive Manager: Financial Services	Aggregated	Financial Services	Supporting service departments
	2.2 - Finances: Creditors	Aggregated	Financial Services	Supporting service departments
	2.3 - Finances: Budgets and Financial Statements	Aggregated	Financial Services	Supporting service departments
	2.4 - Finances: Income and Bank Reconciliations	Aggregated	Financial Services	Supporting service departments
	2.5 - Finances: Remuneration and Administration	Aggregated	Financial Services	Supporting service departments
	2.6 - Finances: Supply Chain Management	Aggregated	Financial Services	Supporting service departments
	2.7 - Finances: Procurement and Stores	Aggregated	Financial Services	Supporting service departments
	2.8 - Finances: Data Management	Aggregated	Financial Services	Supporting service departments
	2.9 - Finances: Asset Management	Aggregated	Financial Services	Supporting service departments
	2.10 - Finances: Finance Interns	Aggregated	Financial Services	Supporting service departments
Vote 3 - Corporate Services	3.1 - Executive Manager: Corporate Services	Aggregated	Corporate Services	Supporting service departments
	3.2 - Executive Mayor	Aggregated	Corporate Services	Supporting service departments
	3.3 - Deputy Mayor	Aggregated	Corporate Services	Supporting service departments
	3.4 - Speaker	Aggregated	Corporate Services	Supporting service departments
	3.5 - Section 79/80 Committees	Aggregated	Corporate Services	Supporting service departments
	3.6 - Task Unit	Aggregated	Corporate Services	Supporting service departments
	3.7 - Human Resources	Aggregated	Corporate Services	Supporting service departments
	3.8 - Support Services: Records, Archives and Auxiliary	Aggregated	Corporate Services	Supporting service departments
	3.9 - Support Services: Committee	Aggregated	Corporate Services	Supporting service departments
	3.10 - ICT Services	Aggregated	Corporate Services	Supporting service departments
Vote 4 - Planning and Development	4.1 - Executive Manager: Planning and Economic Developme	Aggregated	Planning and Development	Supporting service departments
	4.2 - IDP Unit	Aggregated	Planning and Development	Supporting service departments
	4.3 - Tourism and District Economic Development	Aggregated	Planning and Development	Local Economic Development Services
	4.4 - EPWP Manager	Aggregated	Planning and Development	Supporting service departments
	4.5 - Community Project: EPWP Project	Aggregated	Planning and Development	Supporting service departments
	4.6 - Regional Planning	Aggregated	Planning and Development	Supporting service departments
	4.7 - Project Management Unit	Aggregated	Planning and Development	Supporting service departments
Vote 5 - Public Safety	5.1 - Fire Fighting	Aggregated	Community Services	Fire Fighting Services
	5.2 - Disaster Management	Aggregated	Community Services	Disaster Management Services
	5.3 - Fire Services: Riversdale	Aggregated	Community Services	Fire Fighting Services
	5.4 - Fire Services: Uniondale	Aggregated	Community Services	Fire Fighting Services
	5.5 - Fire Services: Kannaland	Aggregated	Community Services	Fire Fighting Services
Vote 6 - Health	6.1 - Executive Manager: Community Services	Aggregated	Community Services	Health Services
	6.2 - MHS Admin	Aggregated	Community Services	Health Services
	6.3 - MHS George	Aggregated	Community Services	Health Services
	6.4 - MHS Klein Karoo	Aggregated	Community Services	Health Services
	6.5 - MHS Langeberg	Aggregated	Community Services	Health Services
	6.6 - MHS Lakes Area	Aggregated	Community Services	Health Services
Vote 7 - Community and Social Services	7.1 - Social Development	Aggregated	Community Services	Local Economic Development Services
	7.2 - Community Skills Development	Aggregated	Community Services	Local Economic Development Services

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 8 - Sport and Recreation	8.1 - Sports, Arts and Culture	Aggregated	Planning and Development	Resorts
	8.2 - Swartvlei Camping Area	Aggregated	Planning and Development	Resorts
	8.3 - Victoria Bay Camping Area	Aggregated	Planning and Development	Resorts
	8.4 - Calitzdorp Spa Kiosk	Aggregated	Planning and Development	Resorts
	8.5 - Calitzdorp Spa Resort	Aggregated	Planning and Development	Resorts
	8.6 - De Hoek Mountain Resort	Aggregated	Planning and Development	Resorts
	8.7 - De Hoek Resort Shop	Aggregated	Planning and Development	Resorts
	8.8 - Kleinkrantz	Aggregated	Planning and Development	Resorts
Vote 9 - Waste Management	9.1 - Bulk Infrastructure	Aggregated	Community Services	Waste Management Services
	8.2 - Regional Landfill Site	Aggregated	Community Services	Waste Management Services
Vote 10 - Roads Transport	10.1 - Public Transport	Aggregated	Roads Services	Roads Services
Vote 11 - Waste Water Management	11.1 - Sewerage	Aggregated	Community Services	Waste Water Services
	11.2 - Bulk Infrastructure	Aggregated	Community Services	Waste Water Services
Vote 12 - Water	12.1 - Bulk Infrastructure	Aggregated	Community Services	Water Services
Vote 13 - Environment Protection	13.1 - Environment Management	Aggregated	Community Services	Environmental Protection
	13.2 - Air Quality Control	Aggregated	Community Services	Environmental Protection
Vote 14 - Roads Agency Function	14.1 - Roads Agency Function	Aggregated	Roads Services	Roads Services
Vote 15 - Electricity	15.1 - Electricity	Aggregated	Community Services	Electricity Services

SECONDARY SEGMENTS

Mscoa Functional Segments identified	Aggregation	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
	Internal audit	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Resorts and community services
	Sport and recreation	Aggregated	Community and public safety	
	Public safety	Aggregated	Community and public safety	Fire services
	Health services	Aggregated	Community and public safety	Health Services
• Economic and environmental services	Planning and development	Aggregated	Economic and environmental services	Supporting service departments
	Road transport	Aggregated	Economic and environmental services	Road services
	Environmental protection	Aggregated	Economic and environmental services	Environmental Protection
• Trading services	Water management	Individually Reported	Water management	Water management
	Waste management	Individually Reported	Waste management	Waste management service
• Other	Tourism	Individually Reported	Other	Tourism

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Garden Route District Municipality consists of the following municipalities situated in different geographical areas:

Bitou Municipality
George Municipality
Hessequa Municipality
Kannaland Municipality
Knysna Municipality
Mossel Bay Municipality
Oudtshoorn Municipality

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

GARDEN ROUTE DISTRICT MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Office of the Municipal Manager	Financial Services	Corporate Services	Planning and Development	Community Services	Roads Services	Total
	R	R	R	R	R	R	R
SEGMENT REVENUE							
External revenue from exchange transactions	40 878 429	-	894 924	5 113 436	443 803	151 233 944	198 564 536
Department of Transport - Roads Service Charges	24 121 702	-	-	-	-	151 231 929	175 353 631
Sales of Goods and Rendering of Services	3 252 253	-	-	4 891 370	355 137	-	8 498 759
Rent on Land	1 031 290	-	-	-	-	-	1 031 290
Rental of Facilities and Equipment	620 294	-	-	222 066	-	-	842 361
Interest Earned - External Investments	8 801 499	-	-	-	-	905	8 802 404
Interest Earned - Exchange Transactions	2 784 568	-	-	-	-	-	2 784 568
Licences and Permits	-	-	-	-	88 666	-	88 666
Operational Revenue	266 823	-	894 924	-	-	1 110	1 162 857
External revenue from non-exchange transactions	175 978 249	-	-	-	-	-	175 978 249
Government Grants and Subsidies - Operating	175 483 939	-	-	-	-	-	175 483 939
Agency Services	-	-	-	-	-	-	-
Actuarial Gains	494 310	-	-	-	-	-	494 310
Revenue from transactions with other segments	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	**216 856 678**	**-**	**894 924**	**5 113 436**	**443 803**	**151 233 944**	**374 542 785**
SEGMENT EXPENDITURE							
Employee Related Costs	(22 452 414)	(19 910 631)	(28 351 360)	(29 138 955)	(66 551 716)	(91 058 349)	(257 463 424)
Remuneration of Councillors	(7 428 226)	-	(3 781 826)	-	-	-	(11 210 052)
Bad Debts Written Off	(413 392)	-	-	-	-	-	(413 392)
Depreciation and Amortisation	(213 227)	(241 682)	(983 061)	(1 331 176)	(1 360 816)	(41 457)	(4 171 419)
Finance Costs	(54 527)	-	-	-	-	-	(54 527)
Inventory Consumed	(131 042)	(165 562)	(883 965)	(1 238 448)	(1 826 207)	(35 529 033)	(39 774 256)
Contracted Services	(2 476 037)	(2 711 267)	(3 147 038)	(2 885 345)	(3 046 771)	(11 028 697)	(25 295 156)
Transfers and Subsidies	-	-	(1 433 291)	(618 522)	(1 513 150)	-	(3 564 963)
Operating Leases	-	-	(113 380)	-	(138 587)	-	(251 967)
Operational Costs	(8 407 270)	(534 915)	(5 760 823)	(2 477 918)	(4 867 911)	(26 544 839)	(48 593 677)
Losses	(4 291 233)	(34 570)	(101 410)	(116 712)	(224 097)	(21 472)	(4 789 493)
Total Segment Expenditure	(45 867 368)	(23 598 626)	(44 556 154)	(37 807 076)	(79 529 254)	(164 223 847)	(395 582 325)
Surplus/(Deficit)	170 989 310	(23 598 626)	(43 661 230)	(32 693 640)	(79 085 452)	(12 989 903)	(21 039 540)
Transfers Recognised - Capital	-	-	-	-	-	-	-
Contributions Recognised - Capital	997 402	-	-	-	-	-	997 402
Contributed Property, Plant and Equipment	2 500 000	-	-	-	-	-	2 500 000
Surplus/(Deficit) after Capital Transfers & Contributions	174 486 712	(23 598 626)	(43 661 230)	(32 693 640)	(79 085 452)	(12 989 903)	(17 542 139)
Surplus/(Deficit) for the year	**174 486 712**	**(23 598 626)**	**(43 661 230)**	**(32 693 640)**	**(79 085 452)**	**(12 989 903)**	**(17 542 139)**
CAPITAL EXPENDITURE FOR THE YEAR	**4 236 752**	**84 504**	**2 051 223**	**5 898 292**	**547 987**	**1 003 718**	**13 822 476**

GARDEN ROUTE DISTRICT MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Community and public safety	Economic and environmental services	Trading services			Governance and Administration	Other	Total
			Water Management	Waste water management	Waste management			
	R	R	R				R	R
SEGMENT REVENUE								
External revenue from exchange transactions	5 468 573	151 323 911	-	-	-	41 772 053	-	198 564 536
Department of Transport - Roads Service Charges	-	151 231 929	-	-	-	24 121 702	-	175 353 631
Sales of Goods and Rendering of Services	5 246 506	-	-	-	-	3 252 253	-	8 498 759
Rent on Land	-	-	-	-	-	1 031 290	-	1 031 290
Rental of Facilities and Equipment	222 066	-	-	-	-	620 294	-	842 361
Interest Earned - External Investments	-	2 206	-	-	-	8 800 198	-	8 802 404
Interest Earned - Exchange Transactions	-	-	-	-	-	2 784 568	-	2 784 568
Licences and Permits	-	88 666	-	-	-	-	-	88 666
Operational Revenue	-	1 110	-	-	-	1 161 747	-	1 162 857
External revenue from non-exchange transactions	-	400 000	-	-	-	175 578 249	-	175 978 249
Government Grants and Subsidies - Operating	-	400 000	-	-	-	175 083 939	-	175 483 939
Agency Services	-	-	-	-	-	-	-	-
Actuarial Gains	-	-	-	-	-	494 310	-	494 310
Revenue from transactions with other segments	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	**5 468 573**	**151 723 911**	**-**	**-**	**-**	**217 350 302**	**-**	**374 542 785**
SEGMENT EXPENDITURE								
Employee Related Costs	(74 956 977)	(99 860 944)	-	-	(2 600 837)	(78 481 730)	(1 562 935)	(257 463 424)
Remuneration of Councillors	-	-	-	-	-	(11 210 052)	-	(11 210 052)
Bad Debts Written Off	-	-	-	-	-	(413 392)	-	(413 392)
Depreciation and Amortisation	(888 575)	(1 294 465)	-	-	-	(1 988 379)	-	(4 171 419)
Finance Costs	-	-	-	-	-	(54 527)	-	(54 527)
Inventory Consumed	(1 896 870)	(36 496 738)	-	-	(147 058)	(1 229 863)	(3 727)	(39 774 256)
Contracted Services	(3 245 415)	(11 465 681)	-	-	(947 131)	(9 636 929)	-	(25 295 156)
Transfers and Subsidies	(310 750)	(302 174)	-	-	(1 202 400)	(1 433 291)	(316 348)	(3 564 963)
Operating Leases	(138 587)	-	-	-	-	(113 380)	-	(251 967)
Operational Costs	(5 619 845)	(27 395 351)	-	-	(74 860)	(15 060 235)	(443 385)	(48 593 677)
Losses	(224 097)	(215 849)	-	-	-	(4 349 547)	-	(4 789 493)
Total Segment Expenditure	(87 281 116)	(177 031 204)	-	-	(4 972 285)	(123 971 325)	(2 326 396)	(395 582 325)
Surplus/(Deficit)	(81 812 543)	(25 307 293)	-	-	(4 972 285)	93 378 976	(2 326 396)	(21 039 540)
Transfers Recognised - Capital	-	-	-	-	-	-	-	-
Contributions Recognised - Capital	-	-	-	-	-	997 402	-	997 402
Contributed Property, Plant and Equipment	-	-	-	-	-	2 500 000	-	2 500 000
Surplus/(Deficit) after Capital Transfers & Contributions	(81 812 543)	(25 307 293)	-	-	(4 972 285)	96 876 378	(2 326 396)	(17 542 139)
Surplus/(Deficit) for the year	**(81 812 543)**	**(25 307 293)**	**-**	**-**	**(4 972 285)**	**96 876 378**	**(2 326 396)**	**(17 542 139)**
CAPITAL EXPENDITURE FOR THE YEAR	**6 194 288**	**5 177 202**	**-**	**-**	**-**	**2 450 986**	**-**	**13 822 476**

APPENDIX A
GARDEN ROUTE DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2021

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2020	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2021	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
LEASE LIABILITY										
Mobile Communication Devices	Prime	334621609	2020/06/14	391 265	-	719 978	(502 425)	608 819	919 289	-
Total Lease Liabilities				391 265	-	719 978	(502 425)	608 819	-	-
TOTAL EXTERNAL LOANS				**391 265**	**-**	**719 978**	**(502 425)**	**608 819**	-	-

APPENDIX B
GARDEN ROUTE DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2020	Correction of Error	Restated Balance 30 June 2020	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT on Grants	Balance 30 June 2021	Unspent 30 June 2021 (Creditor)	Unpaid 30 June 2021 (Debtor)
National Government Grants											
Equitable Share	-	-	-	165 707 000	-	(165 707 000)	-	-	-	-	-
Local Government Financial Management Grant	(2)	-	(2)	1 000 000	-	(1 000 000)	-	-	-	-	-
Expanded Public Works Programme Integrated Grant	-	-	-	2 072 000	-	(2 072 000)	-	-	-	-	-
Rural Road Asset Management Systems Grant	2 569 000	-	2 569 000	2 445 000	(1 300 000)	(1 403 751)	(963 528)	(354 957)	991 765	**991 765**	-
Total National Government Grants	**2 568 998**	**-**	**2 568 998**	**171 224 000**	**(1 300 000)**	**(170 182 751)**	**(963 528)**	**(354 957)**	**991 765**	**991 765**	**-**
Provincial Government Grants											
Integrated Transport Planning	1 490 488	-	1 490 488	900 000	(590 488)	(801 541)	-	(120 150)	878 309	**878 309**	-
Human Settlements	-	-	-	1 736 894	-	(1 068 851)	(33 874)	(5 081)	629 088	**629 088**	-
COVID-19 Municipal Health Disaster Management Grant	-	-	-	464 987	-	(464 987)	-	-	-	-	-
Financial Management Support	244 944	-	244 944	2 408 000	(350 000)	(2 174 541)	-	(85 693)	42 710	**42 710**	-
Safety Plan Implementation - (WOSA)	822 588	-	822 588	2 100 000	-	(172 433)	-	(155)	2 750 000	**2 750 000**	-
Local Government Internship Grant	80 000	-	80 000	-	-	(52 800)	-	-	27 200	**27 200**	-
Total Provincial Government Grants	**2 638 020**	**-**	**2 638 020**	**7 609 881**	**(940 488)**	**(4 735 153)**	**(33 874)**	**(211 079)**	**4 327 307**	**4 327 307**	**-**
Total Grants	5 207 018	-	5 207 018	178 833 881	(2 240 488)	(174 917 903)	(997 402)	(566 036)	5 319 071	**5 319 072**	**-**

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

MUN - Reconciliation of Table A1 Budget Summary

Description	2020/21								2019/20			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	–	–	–	–		–	0,0%	0,0%				–
Service charges	–	–	–	–		–	0,0%	0,0%			0	–
Rental of Facilities and Equipment	1 614	2 000	3 614	1 874		–	0,0%	0,0%				2 103
Interest Earned - External Investments	14 091	(2 000)	12 091	8 802		–	0,0%	0,0%				13 140
Interest Earned - Outstanding Debtors	3 710	–	3 710	2 785		–	0,0%	0,0%				3 303
Licences and Permits	111	–	111	89		–	0,0%	0,0%				85
Agency Services	184 673	23 536	208 209	15 726		–	0,0%	0,0%				17 213
Transfers recognised - operational	174 269	6 200	180 469	175 484		–	0,0%	0,0%				165 599
Other own revenue	13 704	2 028	15 732	169 783		–	0,0%	0,0%				167 487
Total Revenue (excluding capital transfers and contributions)	**392 172**	**31 764**	**423 936**	**374 543**		**–**	**0,0%**	**0,0%**				**368 929**
Employee costs	239 508	15 996	255 504	257 463	–	–	0,0%	0,0%	–	–	–	236 941
Remuneration of councillors	13 360	–	13 360	11 210	–	–	0,0%	0,0%	–	–	–	11 467
Debt impairment	1 841	–	1 841	4 611	–	–	0,0%	0,0%	–	–	–	8 618
Depreciation & asset impairment	3 930	1 057	4 987	4 193	–	–	0,0%	0,0%	–	–	–	35 224
Finance charges	–	70	70	55	–	–	0,0%	0,0%	–	–	–	38
Materials and bulk purchases	51 197	(3 616)	47 581	38 572	–	–	0,0%	0,0%	–	–	–	–
Contracted Services	32 272	4 740	37 012	25 295	–	–	0,0%	0,0%	–	–	–	21 429
Transfers and grants	1 230	1 161	2 391	3 565	–	–	0,0%	0,0%	–	–	–	3 214
Other expenditure	57 894	19 469	77 363	50 619	–	–	0,0%	0,0%	–	–	–	77 597
Total Expenditure	**401 233**	**38 876**	**440 109**	**395 582**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**394 527**
Surplus/(Deficit)	**(9 060)**	**(7 113)**	**(16 173)**	**(21 040)**		**–**	**0,0%**	**0,0%**				**(25 598)**
Transfers recognised - capital	–	–	–	997		–	0,0%	0,0%				3 835
Contributions recognised - capital & contributed assets	–	2 500	2 500	2 500		–	-	-				35
Surplus/(Deficit) after capital transfers & contributions	**(9 060)**	**(4 613)**	**(13 673)**	**(17 542)**		**–**	**0,0%**	**0,0%**				**(21 728)**
Share of surplus/ (deficit) of associate	–	–	–	–		–	-	-				–
Surplus/(Deficit) for the year	**(9 060)**	**(4 613)**	**(13 673)**	**(17 542)**		**–**	**0,0%**	**0,0%**				**(21 728)**
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	–	4 161	4 161	–		–	0,0%	0,0%				–
Public contributions & donations	–	–		2 500		–	0,0%	0,0%				–
Borrowing	–	–	–	720		–	0,0%	0,0%				397
Internally generated funds	8 135	1 800	9 935	10 602		–	0,0%	0,0%				7 785
Total sources of capital funds	**8 135**	**5 961**	**14 096**	**13 822**		**–**	**0,0%**	**0,0%**				**8 182**
Cash flows												
Net cash from (used) operating	(3 288)	(8 251)	(11 539)	(7 378)		–	0,0%	0,0%				22 530
Net cash from (used) investing	(8 135)	22 231	14 096	(10 604)		–	0,0%	0,0%				(7 748)
Net cash from (used) financing	–	–	–	(502)		–	0,0%	0,0%				(732)
Cash/cash equivalents at the year end	**143 131**	**13 981**	**157 112**	**169 752**		**–**	**0,0%**	**0,0%**				**188 236**

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

Description	2020/21								2019/20			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	**217 258**	**18 202**	**235 460**	**221 249**		**–**	**0,0%**	**0,0%**				**227 007**
Executive and council	217 030	17 824	234 854	220 354		–	0,0%	0,0%				226 159
Finance and administration	228	378	606	895		–	0,0%	0,0%				848
Internal audit	–	–	–	–		–	0,0%	0,0%				–
Community and public safety	**9 330**	**(2 724)**	**6 606**	**5 469**		**–**	**0,0%**	**0,0%**				**7 079**
Community and social services	–	–	–	–		–	0,0%	0,0%				–
Sport and recreation	8 656	(2 400)	6 256	5 113		–	0,0%	0,0%				6 686
Public safety	–	–	–	–		–	0,0%	0,0%				–
Housing	–	–	–	–		–	0,0%	0,0%				–
Health	674	(324)	350	355		–	0,0%	0,0%				393
Economic and environmental services	**165 584**	**18 786**	**184 370**	**151 323**		**–**	**0,0%**	**0,0%**				**138 457**
Planning and development	–	–	–	–		–	0,0%	0,0%				5
Road transport	165 473	18 786	184 258	151 234		–	0,0%	0,0%				138 367
Environmental protection	111	–	111	89		–	0,0%	0,0%				85
Trading services	**–**	**–**	**–**	**–**		**–**	**0,0%**	**0,0%**				**236**
Electricity	–	–	–	–		–	0,0%	0,0%				–
Water	–	–	–	–		–	0,0%	0,0%				–
Waste water management	–	–	–	–		–	0,0%	0,0%				–
Waste management	–	–	–	–		–	0,0%	0,0%				236
Other	**–**	**–**	**–**	**–**		**–**	**0,0%**	**0,0%**				**–**
Total Revenue - Standard	**392 172**	**34 264**	**426 436**	**378 040**		**–**	**0,0%**	**0,0%**				**372 780**

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

Description R thousand	2020/21 Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	2019/20 Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Expenditure - Standard												
Governance and administration	**129 355**	**6 550**	**135 905**	**128 020**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**155 571**
Executive and council	49 165	3 694	52 858	43 215	–	–	0,0%	0,0%	–	–	–	47 131
Finance and administration	77 489	2 842	80 331	82 086	–	–	0,0%	0,0%	–	–	–	106 295
Internal audit	2 701	14	2 715	2 720	–	–	0,0%	0,0%	–	–	–	2 145
Community and public safety	**85 264**	**3 299**	**88 563**	**87 061**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**79 347**
Community and social services	12 914	1 702	14 616	14 763	–	–	0,0%	0,0%	–	–	–	12 523
Sport and recreation	13 494	(856)	12 639	11 400	–	–	0,0%	0,0%	–	–	–	11 659
Public safety	26 063	699	26 761	26 524	–	–	0,0%	0,0%	–	–	–	24 005
Housing	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Health	32 793	1 754	34 547	34 374	–	–	0,0%	0,0%	–	–	–	31 161
Economic and environmental services	**179 235**	**26 672**	**205 907**	**173 208**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**152 010**
Planning and development	7 087	2 619	9 706	8 068	–	–	0,0%	0,0%	–	–	–	7 684
Road transport	168 818	24 044	192 862	161 863	–	–	0,0%	0,0%	–	–	–	140 850
Environmental protection	3 330	9	3 339	3 276	–	–	0,0%	0,0%	–	–	–	3 477
Trading services	**4 606**	**2 006**	**6 612**	**4 972**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**3 650**
Electricity	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Water	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Waste water management	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Waste management	4 606	2 006	6 612	4 972	–	–	0,0%	0,0%	–	–	–	3 650
Other	**2 773**	349	3 121	2 320	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	3 929
Total Expenditure - Standard	**401 232**	**38 876**	**440 109**	**395 582**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**394 507**
Surplus/(Deficit) for the year	**(9 060)**	**(4 613)**	**(13 672)**	**(17 542)**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**(21 728)**

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

Vote Description	2020/21								2019/20			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Executive and Council	217 030	17 824	234 854	220 355		–	0,0%	0,0%				218 860
Vote 2 - Budget and Treasury Office	–	–	–	–		–	0,0%	0,0%				–
Vote 3 - Corporate Services	228	378	606	895		–	0,0%	0,0%				848
Vote 4 - Planning and Development	–	–	–	–		–	0,0%	0,0%				5
Vote 5 - Public Safety	–	–	–	–		–	0,0%	0,0%				–
Vote 6 - Health	674	(324)	350	355		–	0,0%	0,0%				393
Vote 7 - Community and Social Services	–	–	–	–		–	0,0%	0,0%				–
Vote 8 - Sport and Recreation	8 656	(2 400)	6 256	5 113		–	0,0%	0,0%				6 686
Vote 9 - Waste Management	–	–	–	–		–	0,0%	0,0%				236
Vote 10 - Roads Transport	–	–	–	–		–	0,0%	0,0%				–
Vote 11 - Waste Water Management	–	–	–	–		–	0,0%	0,0%				–
Vote 12 - Water	–	–	–	–		–	0,0%	0,0%				–
Vote 13 - Environment Protection	111	–	111	89		–	0,0%	0,0%				–
Vote 14 - Roads Agency Function	165 473	18 786	184 258	151 233		–	0,0%	0,0%				145 751
Vote 15 - Electricity	–	–	–	–		–	0,0%	0,0%				–
Total Revenue by Vote	**392 172**	**34 264**	**426 436**	**378 040**		**–**	**0,0%**	**0,0%**				**372 780**
Expenditure by Vote ***to be appropriated***												
Vote 1 - Executive and Council	52 598	3 198	55 795	47 863	–	–	0,0%	0,0%	–	–	–	42 942
Vote 2 - Budget and Treasury Office	24 275	961	25 236	23 599	–	–	0,0%	0,0%	–	–	–	21 197
Vote 3 - Corporate Services	42 386	2 392	44 777	44 552	–	–	0,0%	0,0%	–	–	–	41 805
Vote 4 - Planning and Development	23 512	4 386	27 898	25 065	–	–	0,0%	0,0%	–	–	–	56 344
Vote 5 - Public Safety	33 222	982	34 204	33 832	–	–	0,0%	0,0%	–	–	–	31 340
Vote 6 - Health	34 993	1 754	36 747	37 449	–	–	0,0%	0,0%	–	–	–	33 704
Vote 7 - Community and Social Services	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Vote 8 - Sport and Recreation	13 494	(856)	12 639	11 393	–	–	0,0%	0,0%	–	–	–	11 659
Vote 9 - Waste Management	4 606	2 006	6 612	4 972	–	–	0,0%	0,0%	–	–	–	3 650
Vote 10 - Roads Transport	3 345	508	3 853	2 237	–	–	0,0%	0,0%	–	–	–	–
Vote 11 - Waste Water Management	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Vote 12 - Water	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Vote 13 - Environment Protection	3 330	9	3 339	3 276	–	–	0,0%	0,0%	–	–	–	75
Vote 14 - Roads Agency Function	165 473	23 536	189 009	161 343	–	–	0,0%	0,0%	–	–	–	151 828
Vote 15 - Electricity	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Total Expenditure by Vote	**401 232**	**38 876**	**440 109**	**395 582**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**394 543**
Surplus/(Deficit) for the year	**(9 060)**	**(4 613)**	**(13 672)**	**(17 542)**		**–**	**0,0%**	**0,0%**				**(21 763)**

MUN - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2020/21								2019/20			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	–	–	–	–		–	0,0%	**0,0%**				–
Property rates - penalties & collection charges	–	–	–	–		–	0,0%	0,0%				–
Service charges - electricity revenue	–	–	–	–		–	0,0%	0,0%				–
Service charges - water revenue	–	–	–	–		–	0,0%	0,0%				–
Service charges - sanitation revenue	–	–	–	–		–	0,0%	0,0%				–
Service charges - refuse revenue	–	–	–	–		–	0,0%	0,0%				–
Service charges - other	–	–	–	–		–	0,0%	0,0%				–
Rental of facilities and equipment	1 614	2 000	3 614	1 874		–	0,0%	0,0%				2 103
Interest earned - external investments	14 091	(2 000)	12 091	8 802		–	0,0%	0,0%				13 140
Interest earned - outstanding debtors	3 710	–	3 710	2 785		–	0,0%	0,0%				3 303
Dividends received		–		–		–	0,0%	0,0%				–
Fines		–		–		–	0,0%	0,0%				–
Licences and permits	111	–	111	89		–	0,0%	0,0%				85
Agency services	184 673	23 536	208 209	15 726		–	0,0%	0,0%				17 213
Transfers recognised - operational	174 269	6 200	180 469	175 484		–	0,0%	0,0%				165 599
Other revenue	13 704	2 028	15 732	169 783		–	0,0%	0,0%				167 487
Gains on disposal of PPE	–	–	–	–		–	0,0%	0,0%				–
Total Revenue (excluding capital transfers and contributions)	**392 172**	**31 764**	**423 936**	**374 543**		**–**	**0,0%**	**0,0%**				**368 929**
Expenditure By Type			–				-	-				
Employee related costs	239 508	15 996	255 504	257 463	–	–	0,0%	0,0%	–	–	–	236 941
Remuneration of councillors	13 360	–	13 360	11 210	–	–	0,0%	0,0%	–	–	–	11 467
Debt impairment	1 841	–	1 841	4 611	–	–	0,0%	0,0%	–	–	–	8 618
Depreciation & asset impairment	3 930	1 057	4 987	4 193	–	–	0,0%	0,0%	–	–	–	35 224
Finance charges		70	70	55	–	–	0,0%	0,0%	–	–	–	38
Bulk purchases		–	–	–	–	–	0,0%	0,0%	–	–	–	–
Other materials	51 197	(3 616)	47 581	38 572	–	–	0,0%	0,0%	–	–	–	–
Contracted services	32 272	4 740	37 012	25 295	–	–	0,0%	0,0%	–	–	–	21 429
Transfers and grants	1 230	1 161	2 391	3 565	–	–	0,0%	0,0%	–	–	–	3 214
Other expenditure	57 894	19 469	77 363	50 619	–	–	0,0%	0,0%	–	–	–	77 445
Loss on disposal of PPE		–	–	–	–	–	0,0%	0,0%	–	–	–	152
Total Expenditure	**401 233**	**38 876**	**440 109**	**395 582**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**394 527**

MUN - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2020/21								2019/20			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Surplus/(Deficit)	**(9 060)**	**(7 113)**	**(16 173)**	**(21 040)**		**–**	**0,0%**	**0,0%**				**(25 598)**
Transfers recognised - capital	–	–	–	997		–	0,0%	0,0%				3 835
Contributions recognised - capital	–	–	–	–		–	0,0%	0,0%				–
Contributed assets	–	2 500	2 500	2 500		–	0,0%	0,0%				35
Surplus/(Deficit) after capital transfers & contributions	**(9 060)**	**(4 613)**	**(13 673)**	**(17 542)**		**–**	**0,0%**	**0,0%**				**(21 728)**
Taxation	–	–	–	–		–	0,0%	0,0%				–
Surplus/(Deficit) after taxation	**(9 060)**	**(4 613)**	**(13 673)**	**(17 542)**		**–**	**0,0%**	**0,0%**				**(21 728)**
Attributable to minorities	–	–	–	–		–	0,0%	0,0%				–
Surplus/(Deficit) attributable to municipality	**(9 060)**	**(4 613)**	**(13 673)**	**(17 542)**		**–**	**0,0%**	**0,0%**				**(21 728)**
Share of surplus/ (deficit) of associate	–	–	–	–		–	0,0%	0,0%				–
Surplus/(Deficit) for the year	**(9 060)**	**(4 613)**	**(13 673)**	**(17 542)**		**–**	**0,0%**	**0,0%**				**(21 728)**

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2020/21								2019/20			
R thousand	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - Executive and Council	5 000	(987)	4 013	–	–	–	0%	0%	–	–	–	–
Vote 2 - Budget and Treasury Office	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 3 - Corporate Services	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 4 - Planning and Development	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 5 - Public Safety	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 6 - Health	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 7 - Community and Social Services	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 8 - Sport and Recreation	1 500	1 500	3 000	–	–	–	0%	0%	–	–	–	–
Vote 9 - Waste Management	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 10 - Roads Transport	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 11 - Waste Water Management	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 12 - Water	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 13 - Environment Protection	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 14 - Roads Agency Function	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 15 - Electricity	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital multi-year expenditure	**6 500**	**513**	**7 013**	**–**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**–**
Single-year expenditure												
Vote 1 - Executive and Council	30	325	355	4 237	–	–	0%	0%	–	–	–	269
Vote 2 - Budget and Treasury Office	–	86	86	85	–	–	0%	0%	–	–	–	165
Vote 3 - Corporate Services	1 575	886	2 461	2 051	–	–	0%	0%	–	–	–	839
Vote 4 - Planning and Development	30	149	179	252	–	–	0%	0%	–	–	–	2 351
Vote 5 - Public Safety	–	30	30	432	–	–	0%	0%	–	–	–	3 842
Vote 6 - Health	–	50	50	116	–	–	0%	0%	–	–	–	–
Vote 7 - Community and Social Services	–	–	–	–	–	–	0%	0%	–	–	–	654
Vote 8 - Sport and Recreation	–	2 522	2 522	5 646	–	–	0%	0%	–	–	–	21
Vote 9 - Waste Management	–	–	–	–	–	–	0%	0%	–	–	–	18
Vote 10 - Roads Transport	–	1 400	1 400	1 004	–	–	0%	0%	–	–	–	22
Vote 11 - Waste Water Management	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 12 - Water	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 13 - Environment Protection	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 14 - Roads Agency Function	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 15 - Electricity	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital single-year expenditure	1 635	5 448	7 083	13 822	–	–	0%	0%	–	–	–	8 182
Total Capital Expenditure - Vote	**8 135**	**5 961**	**14 096**	**13 822**	–	–	0%	0%	–	–	–	**8 182**

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2020/21								2019/20			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
Governance and administration	**6 605**	**310**	**6 915**	**2 451**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**3 528**
Executive and council	5 030	(606)	4 424	191	–	–	0%	0%	–	–	–	196
Finance and administration	1 575	908	2 483	2 251	–	–	0%	0%	–	–	–	3 316
Internal audit	–	9	9	9	–	–	0%	0%	–	–	–	17
Community and public safety	**1 500**	**4 102**	**5 602**	**6 194**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**4 517**
Community and social services		–	–	32	–	–	0%	0%	–	–	–	66
Sport and recreation	1 500	4 022	5 522	5 646	–	–	0%	0%	–	–	–	21
Public safety		30	30	400	–	–	0%	0%	–	–	–	3 776
Housing		–	–		–	–	0%	0%	–	–	–	–
Health		50	50	116	–	–	0%	0%	–	–	–	654
Economic and environmental services	**30**	**1 549**	**1 579**	**5 177**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**118**
Planning and development	30	149	179	4 173	–	–	0%	0%	–	–	–	96
Road transport		1 400	1 400	1 004	–	–	0%	0%	–	–	–	22
Environmental protection		–	–	–	–	–	0%	0%	–	–	–	–
Trading services	**–**	**–**	**–**	**–**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**18**
Electricity	–	–	–	–	–	–	0%	0%	–	–	–	–
Water	–	–	–	–	–	–	0%	0%	–	–	–	–
Waste water management	–	–	–	–	–	–	0%	0%	–	–	–	–
Waste management	–	–	–		–	–	0%	0%	–	–	–	18
Other	**–**	**–**	**–**	**–**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Standard	**8 135**	**5 961**	**14 096**	**13 822**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**8 182**
Funded by:												
National Government	–	1 661	1 661	964	–	–	0%	0%	–	–	–	–
Provincial Government	–	–	–	34	–	–	0%	0%	–	–	–	–
District Municipality	–	–	–	–	–	–	0%	0%	–	–	–	–
Other transfers and grants	–	2 500	2 500	–	–	–	0%	0%	–	–	–	–
Transfers recognised - capital	**–**	**4 161**	**4 161**	**997**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**–**
Public contributions & donations	**–**	**–**	**–**	**2 500**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	–
Borrowing	**–**	**–**	**–**	**720**	**–**	**–**	**0%**	**0%**	**–**	**–**	–	397
Internally generated funds	**8 135**	**1 800**	**9 935**	**9 605**	**–**	**–**	**0%**	**0%**	**–**	**–**	–	7 785
Total Capital Funding	**8 135**	**5 961**	**14 096**	**13 822**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**8 182**

MUN - Reconciliation of Table A7 Budgeted Cash Flows

Description	2020/21							2019/20
R thousand	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts				**361 977**				**371 484**
Property rates, peanalties and collection charges	–	–	–	–	–	0,0%	0,0%	–
Service charges	–	–	–	–	–	0,0%	0,0%	–
Other revenue	200 102	27 841	227 944	174 341	–	0,0%	0,0%	189 826
Government - operating	174 269	5 923	180 192	177 687	–	0,0%	0,0%	168 518
Government - capital	–	–	–	1 147	–	0,0%	0,0%	–
Interest	17 801	(2 000)	15 801	8 802	–	0,0%	0,0%	13 140
Dividends	–	–	–	–	–	0,0%	0,0%	–
Payments				(369 355)				(348 954)
Suppliers and employees	(394 231)	(38 854)	(433 085)	(363 495)	–	0,0%	0,0%	(345 703)
Finance charges	–	–	–	(55)	–	0,0%	0,0%	(38)
Transfers and Grants	(1 230)	(1 161)	(2 391)	(5 805)	–	0,0%	0,0%	(3 214)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**(3 288)**	**(8 251)**	**(11 539)**	**(7 378)**	**–**	**0,0%**	**0,0%**	**22 530**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts				(1)				–
Proceeds on disposal of PPE	–	–	–	–	–	0,0%	0,0%	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	0,0%	0,0%	–
Decrease (increase) other non-current receivables	–	–	–	–	–	0,0%	0,0%	–
Decrease (increase) in non-current investments	–	–	–	(1)	–	0,0%	0,0%	–
Payments				(10 602)				(7 750)
Capital assets	(8 135)	22 231	14 096	(10 602)	–	0,0%	0,0%	(7 750)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(8 135)**	**22 231**	**14 096**	**(10 604)**	**–**	**0,0%**	**0,0%**	**(7 750)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts				–				–
Short term loans	–	–	–	–	–	0,0%	0,0%	–
Borrowing long term/refinancing	–	–	–	–	–	0,0%	0,0%	–
Increase (decrease) in consumer deposits	–	–	–	–	–	0,0%	0,0%	–
Payments				(502)				(732)
Repayment of borrowing	–	–	–	(502)	–	0,0%	0,0%	(732)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**–**	**–**	**–**	**(502)**	**–**	**0,0%**	**0,0%**	**(732)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(11 423)**	**13 981**	**2 557**	**(18 484)**				**14 048**
Cash/cash equivalents at the year begin:	**154 555**		154 555	188 236				174 187
Cash/cash equivalents at the year end:	143 131	13 981	157 112	169 752	–	0,0%	0,0%	188 236