

NAMAKWA DISTRICT MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2021

NAMAKWA DISTRICT MUNICIPALITY

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NAMAKWA DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

GENERAL INFORMATION

NATURE OF BUSINESS

Namakwa 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)

JURISDICTION

The Namakwa District Municipality includes the municipal areas of Khai-Ma Municipality, Nama Khoi Municipality, Richtersveld Municipality, Kamiesberg Municipality, Hantam Municipality and Karoo Hoogland Municipality.

EXECUTIVE MAYOR

MJ Cloete

SPEAKER

GY Pieters

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	MJ Cloete
Executive Councillor	WJP Links
Executive Councillor	JE Davids
Executive Councillor	HJ Jack

MUNICIPAL MANAGER

CJ Fortuin

CHIEF FINANCIAL OFFICER

R Datadin

REGISTERED OFFICE

Private Bag X20
SPRINGBOK
8240

AUDITORS

Office of the Auditor-General (Province)

PRINCIPLE BANKERS

Nedbank

CONTACT INFORMATION

Telephone number: (027) 712 8000
Email address: info@namakwa-dm.gov.za
Website: <http://www.namakwa-dm.gov.za>

NAMAKWA DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

GENERAL INFORMATION

ATTORNEYS

Schreuders Attorneys
Nash Vandayor & Associates
T Nyanlungu Incorporated
Reagon Brown Inc
Matthews & Partners
TNK Attorneys
Ndaba t/a H&E Inc
GN Moabelo
Webber Wentzel 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 NAMAKWA DISTRICT MUNICIPALITY

MJ Cloete	Mayor
GY Pieters	Speaker
HJ Jack	Member of the Executive Committee
WJP Links	Member of the Executive Committee
JE Davids	Member of the Executive Committee
CG Coetzee	Member
A Minnies	Member
CR Warne	Member
FJ Farao	Member
G Gous	Member
EP Cloete	Member
ZP De Jongh	Member
AM Beukes	Member
GJ Coetzee	Member
AW Beukes	Member

NAMAKWA DISTRICT MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2021, which are set out on pages 1 to 115 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 and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.



CJ Fortuin
Municipal Manager

31/08/2021

Date

NAMAKWA DISTRICT MUNICIPALITY

REPORT OF THE AUDITOR GENERAL

NAMAKWA DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

	Notes	2021 R	2020 R
ASSETS			
Non-Current Assets		6 944 601	7 345 325
Property, Plant and Equipment	2	6 560 422	7 094 205
Investment Property	3	52 374	54 468
Intangible Assets	4	331 805	196 653
Current Assets		9 674 947	9 699 560
Receivables from Exchange Transactions	5	633 038	535 547
Receivables from Non-exchange Transactions	6	4 025 229	4 815 413
Taxes	14.3	205 269	160 292
Cash and Cash Equivalents	7.1	4 811 411	4 188 307
Total Assets		16 619 547	17 044 885
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		20 090 339	17 283 830
Long-term Borrowings	8	45 339	92 830
Non-current Employee Benefits	9	20 045 000	17 191 000
Current Liabilities		8 179 589	8 042 956
Consumer Deposits	10	8 005	6 896
Current Employee Benefits	11	4 704 803	4 324 935
Trade and Other Payables from Exchange Transactions	12	2 833 035	2 638 998
Unspent Transfers and Subsidies	13	514 322	931 321
Current Portion of Long-term Borrowings	8	119 423	140 805
Total Liabilities		28 269 927	25 326 785
Net Assets		(11 650 380)	(8 281 900)
Capital Replacement Reserve	15	64 781	96 745
Accumulated Surplus/(Deficit)		(11 715 161)	(8 378 645)
Total Net Assets and Liabilities		16 619 547	17 044 885

NAMAKWA DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R	2020 R
REVENUE			
Revenue from Non-exchange Transactions		59 226 119	58 568 176
Transfer Revenue		59 226 119	56 929 809
Government Grants and Subsidies	16	59 226 119	56 929 809
Other Revenue		-	1 638 367
Actuarial Gains	9	-	1 638 367
Revenue from Exchange Transactions		5 175 873	12 150 904
Rental from Fixed Assets	17	1 134 424	1 006 430
Interest Earned - External Investments	18	543 017	934 429
Interest Earned - Exchange Transactions	19	67 439	75 687
Operational Revenue	20	3 430 993	10 134 358
Total Revenue		64 401 993	70 719 080
EXPENDITURE			
Employee related costs	21	(39 173 696)	(36 394 603)
Remuneration of Councillors	22	(3 597 488)	(3 202 134)
Contracted Services	23	(9 695 906)	(16 052 197)
Depreciation and Amortisation	24	(1 568 603)	(1 602 008)
Actuarial Losses	9	(2 602 466)	(23 239)
Finance Costs	25	(1 516 966)	(1 590 953)
Operating Leases		(23 308)	(21 370)
Transfers and Subsidies	26	(706 445)	(306 867)
Operational Costs	27	(8 989 944)	(10 724 922)
Total Expenditure		(67 874 821)	(69 918 293)
Operating Surplus/(Deficit) for the Year		(3 472 828)	800 787
Reversal of Impairment Loss/(Impairment Loss) on Receivables	28	116 959	99 970
Gains/(Loss) on Sale of Fixed Assets	29	(1 594)	(375 311)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	30	(11 017)	(31 353)
NET SURPLUS/(DEFICIT) FOR THE YEAR		(3 368 480)	494 093

NAMAKWA DISTRICT MUNICIPALITY

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

	Capital Replacement Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2019	73 832	(10 350 303)	(10 276 471)
Correction of Error - Note 32.6	-	1 500 478	1 500 478
Restated balance	73 832	(8 849 825)	(8 775 994)
Net Surplus/(Deficit) for the year	-	494 093	494 093
Net Surplus/(Deficit) previously reported	-	1 266 143	1 266 143
Effects of Correction of Errors - Note 32.7		(772 051)	(772 051)
Transfer to/from CRR	199 198	(199 198)	-
Property, Plant and Equipment purchased	(176 285)	176 285	-
Restated balance at 30 June 2020	96 745	(8 378 646)	(8 281 901)
Net Surplus/(Deficit) for the year	-	(3 368 480)	(3 368 480)
Transfer to/from CRR	418 805	(418 805)	-
Property, Plant and Equipment purchased	(450 768)	450 768	-
Balance at 30 June 2021	64 781	(11 715 162)	(11 650 381)

NAMAKWA DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R	2020 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Other Revenue		5 442 509	8 065 217
Government - Operating		58 130 279	56 177 600
Government - Capital		678 841	73 141
Interest		543 017	934 429
Cash payments			
Suppliers and Employees		(62 188 705)	(67 866 985)
Finance Charges		(22 966)	(45 510)
Transfers and Grants		(706 445)	(306 867)
Net Cash from Operating Activities	33	1 876 531	(2 968 975)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(901 909)	(216 108)
Purchase of Intangible Assets		(198 082)	(33 317)
Net Cash from Investing Activities		(1 099 992)	(249 425)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Borrowing		(154 545)	(130 790)
Net Cash from Financing Activities		(153 436)	(130 790)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		623 104	(3 349 190)
Cash and Cash Equivalents at the beginning of the year		4 188 307	7 537 497
Cash and Cash Equivalents at the end of the year	34	4 811 411	4 188 307
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		623 104	(3 349 190)

NAMAKWA DISTRICT MUNICIPALITY
REPORTABLE SEGMENTS 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 - Municipal Manager	1.1 - Council: Councillors	Aggregated	Governance and Administration	Supporting service departments
	1.2 - Council Expenditure	Aggregated	Governance and administration	Supporting service departments
	1.3 - Executive Mayor	Aggregated	Governance and administration	Supporting service departments
	1.4 - Internal Audit and Audit Committee	Aggregated	Governance and administration	Supporting service departments
	1.5 - Mayor - PA	Aggregated	Governance and administration	Supporting service departments
	1.6 - Municipal Manager	Aggregated	Governance and administration	Supporting service departments
	1.7 - Municipal Manager - Admin	Aggregated	Governance and administration	Supporting service departments
	1.8 - Housing	Individually Reported	Housing	Housing
	1.9 - Speaker	Aggregated	Governance and administration	Supporting service departments
	1.10 - Speaker PA	Aggregated	Governance and administration	Supporting service departments
Vote 2 - Manager: Corporate Services	2.1 - Administration	Aggregated	Governance and administration	Supporting service departments
	2.2 - Human Resources	Aggregated	Governance and administration	Supporting service departments
	2.3 - Council Buildings	Aggregated	Governance and administration	Supporting service departments
	2.4 - Council Vehicles	Aggregated	Governance and administration	Supporting service departments
	2.5 - Equitable Share Admin	Aggregated	Governance and administration	Supporting service departments
Vote 3 - Manager: Economic Development	3.1 - Economic Development	Aggregated	Economic and environmental services	Economic Development
	3.2 - Fish Factory	Aggregated	Economic and environmental services	Economic Development
	3.3 - Harbour	Aggregated	Economic and environmental services	Economic Development
	3.4 - Project Manager SLP	Aggregated	Economic and environmental services	Economic Development
	3.5 - Tourism	Individually Reported	Other	Tourism
	3.6 - Working for Water	Aggregated	Economic and environmental services	Economic Development
	3.7 - Planning	Aggregated	Economic and environmental services	Economic Development
Vote 4 - Manager Environmental Health	3.8 - Council Projects	Aggregated	Economic and environmental services	Economic Development
	3.9 - Project Management	Aggregated	Economic and environmental services	Economic Development
	4.1- Ambulance	Aggregated	Community and public safety	Supporting service departments
	4.2 - Environmental Health	Aggregated	Community and public safety	Municipal Health Services and
	4.3 - Law Enforcement	Aggregated	Community and public safety	Environmental Health Services
	4.4 - Primary Health	Aggregated	Community and public safety	
	4.5 - Safety	Aggregated	Community and public safety	
	5.1 - Finance	Aggregated	Governance and administration	Supporting service departments
Vote 5 - Manager: Finance				
Vote 6 - Manager: Roads	6.1 - Plant and Equipment	Aggregated	Economic and environmental services	Roads Function
	6.2 - Roads	Aggregated	Economic and environmental services	
Vote 7 - Manager: Municipal Support Unit	7.1 - Municipal Support Unit	Aggregated	Governance and administration	Supporting service departments

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	Municipal Health Services, Environmental
	Public safety	Aggregated	Community and public safety	Health Services and Housing.
	Housing	Aggregated	Community and public safety	
	Health	Aggregated	Community and public safety	
• Economic and Environmental Services	Planning and Development	Aggregated	Economic and environmental services	Local Economic Development
	Road Transport	Aggregated	Economic and environmental services	Roads Function
	Environmental Protection	Aggregated	Economic and environmental services	Environmental Protection
• Housing	Housing	Individually Reported	Housing	Housing
• 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).

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.

NAMAKWA DISTRICT MUNICIPALITY						
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021						
	Governance and Administration	Community and Public Safety	Housing	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	5 078 217	97 656	-	-	-	5 175 873
Service Charges - Electricity Revenue	-	-	-	-	-	-
Service Charges - Water Revenue	-	-	-	-	-	-
Service Charges - Sanitation Revenue	-	-	-	-	-	-
Service Charges - Refuse Revenue	-	-	-	-	-	-
Rental of Facilities and Equipment	-	-	-	-	-	-
Interest Earned - External Investments	543 017	-	-	-	-	543 017
Interest Earned - Exchange Transactions	67 439	-	-	-	-	67 439
Licences and Permits	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-
Other Revenue	4 467 761	97 656	-	-	-	4 565 417
External revenue from non-exchange transactions	55 938 073	52 800	-	3 235 247	-	59 226 119
Fines	-	-	-	-	-	-
Transfers Recognised - Operational	55 938 073	52 800	-	3 235 247	-	59 226 119
Property Rates	-	-	-	-	-	-
Availability Charges	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Gains	-	-	-	-	-	-
Revenue from transactions with other segments	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	61 016 290	150 456	-	3 235 247	-	64 401 993
SEGMENT EXPENDITURE						
Employee Related Costs	(24 214 765)	(9 493 868)	-	(6 318 921)	(1 748 607)	(41 776 162)
Remuneration of Councillors	(3 597 488)	-	-	-	-	(3 597 488)
Debt Impairment	116 959	-	-	-	-	116 959
Depreciation and Asset Impairment	(1 232 662)	(178 004)	-	(149 992)	(7 945)	(1 568 603)
Finance Costs	(1 513 980)	-	-	(2 986)	-	(1 516 966)
Bulk Purchases	-	-	-	-	-	-
Inventory Consumed	-	-	-	-	-	-
Contracted Services	(6 953 284)	(68 817)	-	(2 672 293)	(1 512)	(9 695 906)
Transfers and Grants	(606 445)	-	-	-	(100 000)	(706 445)
Other Expenditure	(7 422 253)	(969 999)	-	(580 232)	(40 767)	(9 013 252)
Losses	(7 835)	(4 677)	-	(19)	(80)	(12 611)
Expenditure from transactions with other segments	-	-	-	-	-	-
Internal Charges	-	-	-	-	-	-
Total Segment Expenditure	(45 431 752)	(10 715 365)	-	(9 724 444)	(1 898 911)	(67 770 472)
Surplus/(Deficit)	15 584 538	(10 564 909)	-	(6 489 197)	(1 898 911)	(3 368 480)

	Governance and Administration	Community and Public Safety	Housing	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
Transfers Recognised - Capital	-	-	-	-	-	-
Contributions Recognised - Capital	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	15 584 538	(10 564 909)	-	(6 489 197)	(1 898 911)	(3 368 480)
Taxation	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	15 584 538	(10 564 909)	-	(6 489 197)	(1 898 911)	(3 368 480)
Attributable to Minorities	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	15 584 538	(10 564 909)	-	(6 489 197)	(1 898 911)	(3 368 480)
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
Surplus/(Deficit) for the year	15 584 538	(10 564 909)	-	(6 489 197)	(1 898 911)	(3 368 480)

	Governance and Administration	Community and Public Safety	Housing	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
OTHER INFORMATION						
Segment Assets	-	-	-	-	16 619 547	16 619 547
Segment liabilities	-	-	-	-	(28 269 927)	(28 269 927)
Additions to non-current assets	-	-	-	-	-	-
Investment in associates (equity method) and joint ventures	-	-	-	-	-	-
Non-cash revenue (included above)	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-

NAMAKWA DISTRICT MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Community and Public Safety	Economic and Environmental Services	Trading Services				Other	Governance and Administration	Housing	Total
			Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	
SEGMENT REVENUE										
External revenue from exchange transactions	97 656	-	-	-	-	-	5 078 217	-	5 175 873	
Service Charges - Electricity Revenue	-	-	-	-	-	-	-	-	-	
Service Charges - Water Revenue	-	-	-	-	-	-	-	-	-	
Service Charges - Sanitation Revenue	-	-	-	-	-	-	-	-	-	
Service Charges - Refuse Revenue	-	-	-	-	-	-	-	-	-	
Rental of Facilities and Equipment	-	-	-	-	-	-	-	-	-	
Interest Earned - External Investments	-	-	-	-	-	-	543 017	-	543 017	
Interest Earned - Exchange Transactions	-	-	-	-	-	-	67 439	-	67 439	
Licences and Permits	-	-	-	-	-	-	-	-	-	
Agency Services	-	-	-	-	-	-	-	-	-	
Other Revenue	97 656	-	-	-	-	-	4 467 761	-	4 565 417	
External revenue from non-exchange transactions	52 800	3 235 247	-	-	-	-	55 938 073	-	59 226 119	
Dividends Received	-	-	-	-	-	-	-	-	-	
Fines	-	-	-	-	-	-	-	-	-	
Licences and Permits	-	-	-	-	-	-	-	-	-	
Agency Services	-	-	-	-	-	-	-	-	-	
Transfers Recognised - Operational	52 800	3 235 247	-	-	-	-	55 938 073	-	59 226 119	
Property Rates	-	-	-	-	-	-	-	-	-	
Availability Charges	-	-	-	-	-	-	-	-	-	
Other Income	-	-	-	-	-	-	-	-	-	
Gains	-	-	-	-	-	-	-	-	-	
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	
Internal Revenue	-	-	-	-	-	-	-	-	-	
Total Segment Revenue (excluding capital transfers and	150 456	3 235 247	-	-	-	-	61 016 290	-	64 401 993	
SEGMENT EXPENDITURE										
Employee Related Costs	(9 493 868)	(6 318 921)	-	-	-	(1 748 607)	(24 214 765)	-	(41 776 162)	
Remuneration of Councillors	-	-	-	-	-	-	(3 597 488)	-	(3 597 488)	
Debt Impairment	-	-	-	-	-	-	116 959	-	116 959	
Depreciation and Asset Impairment	(178 004)	(149 992)	-	-	-	(7 945)	(1 232 662)	-	(1 568 603)	
Finance Costs	-	(2 986)	-	-	-	-	(1 513 980)	-	(1 516 966)	
Bulk Purchases	-	-	-	-	-	-	-	-	-	
Inventory Consumed	-	-	-	-	-	-	-	-	-	
Contracted Services	(68 817)	(2 672 293)	-	-	-	(1 512)	(6 953 284)	-	(9 695 906)	
Transfers and Grants	-	-	-	-	-	(100 000)	(606 445)	-	(706 445)	
Other Expenditure	(969 999)	(580 232)	-	-	-	(40 767)	(7 422 253)	-	(9 013 252)	
Losses	(4 677)	(19)	-	-	-	(80)	(7 835)	-	(12 611)	
Internal charges	-	-	-	-	-	-	-	-	-	
Total Segment Expenditure	(10 715 365)	(9 724 444)	-	-	-	(1 898 911)	(45 431 752)	-	(67 770 472)	
Surplus/(Deficit)	(10 564 909)	(6 489 197)	-	-	-	(1 898 911)	15 584 538	-	132 172 465	

	Community and public safety	Economic and environmental services	Trading Services				Other	Governance and Administration	Housing	Total
			Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	
Transfers Recognised - Capital	-	-	-	-	-	-	-	-	-	
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-	
Contributed Assets	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after Capital Transfers & Contributions	(10 564 909)	(6 489 197)	-	-	-	-	(1 898 911)	15 584 538	132 172 465	
Taxation	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after Taxation	(10 564 909)	(6 489 197)	-	-	-	-	(1 898 911)	15 584 538	132 172 465	
Attributable to Minorities	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) Attributable to Municipality	(10 564 909)	(6 489 197)	-	-	-	-	(1 898 911)	15 584 538	132 172 465	
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) for the year	(10 564 909)	(6 489 197)	-	-	-	-	(1 898 911)	15 584 538	132 172 465	

	Community and public safety	Economic and environmental services	Trading Services				Other	Governance and Administration	Housing	Total
			Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	
OTHER INFORMATION										
Segment Assets	-	-	-	-	-	-	16 619 547	-	16 619 547	
Segment liabilities	-	-	-	-	-	-	(28 269 927)	-	(28 269 927)	
Additions to non-current assets	-	-	-	-	-	-	-	-	-	
Investment in associates (equity method) and joint venture	-	-	-	-	-	-	-	-	-	
Non-cash revenue (included above)	-	-	-	-	-	-	-	-	-	
Non-cash expenditure (included above)	-	-	-	-	-	-	-	-	-	

Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 June 2021

Total Segment Revenue (including capital transfers and contributions)	64 401 993
Total Revenue as per Statement of Financial Performance	64 401 993
Difference	<u><u>-</u></u>

Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 June 2021

Total Segment Expenditure	(67 770 472)
Total Expenditure as per Statement of Financial Performance	(67 874 821)
Difference	<u>104 348</u>

Reconciling items

	104 348
<i>Loss on Sale of Assets disclosed in aggregated with Gains on Sale of Assets in Statement of Financial Performance</i>	(1 594)
<i>Reversal of Impairment Loss/(Impairment Loss) on Receivables</i>	116 959
<i>Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets</i>	(11 017)

Reconciliation of the Statement of Financial Performance as at 30 June 2021 as per the Annual Financial Statements vs the Surplus of the Segment report

Surplus/(Deficit) for the year as per Segments	(3 368 480)
Surplus/(Deficit) for the year as per Statement of Financial Performance	(3 368 480)
Difference - as explained above	<u>0</u>

See the explanations for differences above under Revenue and Expenses.

Reconciliation of Segment Assets to Total Assets as per the Annual Financial Statements for the year ended 30 June 2021

Total Segment Assets	16 619 547
Total Assets as per Statement of Financial Position	16 619 547
Difference	<u>-</u>

Management does not monitor assets per segments as it does not at present have reliable separate financial information for decision-making purposes. The cost to develop this separately would be excessive, based on the Municipality's current financial position.

Reconciliation of Segment Liabilities to Total Liabilities as per the Annual Financial Statements for the year ended 30 June 2021

Total Segment Liabilities	(28 269 927)
Total Liabilities as per Statement of Financial Position	(28 269 927)
Difference	<u>-</u>

Management does not monitor liabilities per segments as it does not at present have reliable separate financial information for decision-making purposes. The cost to develop this separately would be excessive, based on the Municipality's current financial position.

NAMAKWA DISTRICT MUNICIPALITY
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Governance and Administration	Community and Public Safety	Housing	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	9 607 910	25 915	-	4 168 954	-	13 802 779
Service Charges - Electricity Revenue	-	-	-	-	-	-
Service Charges - Water Revenue	-	-	-	-	-	-
Service Charges - Sanitation Revenue	-	-	-	-	-	-
Service Charges - Refuse Revenue	-	-	-	-	-	-
Rental of Facilities and Equipment	-	-	-	-	-	-
Interest Earned - External Investments	934 429	-	-	-	-	934 429
Interest Earned - Exchange Transactions	75 687	-	-	-	-	75 687
Licences and Permits	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-
Other Revenue	8 597 794	25 915	-	4 168 954	-	12 792 663
External revenue from non-exchange transactions	52 742 676	392 162	-	3 794 970	-	56 929 809
Dividends Received	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Licences and Permits	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-
Transfers Recognised - Operational	52 742 676	392 162	-	3 794 970	-	56 929 809
Property Rates	-	-	-	-	-	-
Availability Charges	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Gains	-	-	-	-	-	-
Revenue from transactions with other segments	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and	62 350 587	418 077	-	7 963 924	-	70 732 588
SEGMENT EXPENDITURE						
Employee Related Costs	(19 856 391)	(9 021 775)	-	(6 009 259)	(1 532 492)	(36 419 918)
Remuneration of Councillors	(3 202 134)	-	-	-	-	(3 202 134)
Debt Impairment	99 970	-	-	-	-	99 970
Depreciation and Asset Impairment	(1 206 611)	(207 125)	-	(173 345)	(9 198)	(1 596 279)
Finance Costs	(1 577 951)	-	-	(13 002)	-	(1 590 953)
Bulk Purchases	-	-	-	-	-	-
Inventory Consumed	-	-	-	-	-	-
Contracted Services	(8 888 715)	(188 517)	-	(6 974 039)	(925)	(16 052 197)
Transfers and Grants	(206 867)	-	-	-	(100 000)	(306 867)
Other Expenditure	(8 811 408)	(1 179 640)	-	(645 363)	(109 881)	(10 746 292)
Losses	(16 779)	(75 415)	-	(313 936)	(533)	(406 664)
Internal charges	-	-	-	-	-	-
Total Segment Expenditure	(43 666 888)	(10 672 472)	-	(14 128 945)	(1 753 029)	(70 221 334)
Surplus/(Deficit)	18 683 699	(10 254 396)	-	(6 165 021)	(1 753 029)	511 253

	Governance and Administration	Community and Public Safety	Housing	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
Transfers Recognised - Capital	-	-	-	-	-	-
Contributions Recognised - Capital	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	18 683 699	(10 254 396)	-	(6 165 021)	(1 753 029)	511 253
Taxation	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	18 683 699	(10 254 396)	-	(6 165 021)	(1 753 029)	511 253
Attributable to Minorities	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	18 683 699	(10 254 396)	-	(6 165 021)	(1 753 029)	511 253
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
Surplus/(Deficit) for the year	18 683 699	(10 254 396)	-	(6 165 021)	(1 753 029)	511 253

	Governance and Administration	Community and Public Safety	Technical Services	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
OTHER INFORMATION						
Segment Assets	-	-	-	-	17 044 885	17 044 885
Segment liabilities	-	-	-	-	(25 326 785)	(25 326 785)
Additions to non-current assets	-	-	-	-	-	-
Investment in associates (equity method) and joint ventures	-	-	-	-	-	-
Non-cash revenue (included above)	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-

NAMAKWA DISTRICT MUNICIPALITY
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Community and public safety	Economic and Environmental Services	Trading Services				Other	Governance and Administration	Housing	Total
			Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	
SEGMENT REVENUE										
External revenue from exchange transactions	25 915	4 155 446	-	-	-	-	9 607 910	-	13 789 271	
Service Charges - Electricity Revenue	-	-	-	-	-	-	-	-	-	
Service Charges - Water Revenue	-	-	-	-	-	-	-	-	-	
Service Charges - Sanitation Revenue	-	-	-	-	-	-	-	-	-	
Service Charges - Refuse Revenue	-	-	-	-	-	-	-	-	-	
Rental of Facilities and Equipment	-	-	-	-	-	-	-	-	-	
Interest Earned - External Investments	-	-	-	-	-	-	934 429	-	934 429	
Interest Earned - Exchange Transactions	-	-	-	-	-	-	75 687	-	75 687	
Licences and Permits	-	-	-	-	-	-	-	-	-	
Agency Services	-	-	-	-	-	-	-	-	-	
Other Revenue	25 915	4 155 446	-	-	-	-	8 597 794	-	12 779 155	
External revenue from non-exchange transactions	392 162	3 794 970	-	-	-	-	52 742 676	-	56 929 809	
Dividends Received	-	-	-	-	-	-	-	-	-	
Fines	-	-	-	-	-	-	-	-	-	
Licences and Permits	-	-	-	-	-	-	-	-	-	
Agency Services	-	-	-	-	-	-	-	-	-	
Transfers Recognised - Operational	392 162	3 794 970	-	-	-	-	52 742 676	-	56 929 809	
Property Rates	-	-	-	-	-	-	-	-	-	
Availability Charges	-	-	-	-	-	-	-	-	-	
Other Income	-	-	-	-	-	-	-	-	-	
Gains on Disposal of PPE	-	-	-	-	-	-	-	-	-	
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	
Internal Revenue	-	-	-	-	-	-	-	-	-	
Total Segment Revenue (excluding capital transfers and	418 077	7 950 416	-	-	-	-	62 350 587	-	70 719 080	

	Community and public safety	Economic and environmental services	Trading services				Other	Governance and Administration	Housing	Total
			Energy Sources	Water Management	Waste water management	Waste management services				
	R	R	R	R	R	R	R	R	R	
SEGMENT EXPENDITURE										
Employee Related Costs	(9 021 775)	(6 009 259)	-	-	-	-	(1 532 492)	(19 854 315)	-	(36 417 842)
Remuneration of Councillors	-	-	-	-	-	-	-	(3 202 134)	-	(3 202 134)
Debt Impairment	-	-	-	-	-	-	-	99 970	-	99 970
Depreciation and Asset Impairment	(207 125)	(179 074)	-	-	-	-	(9 198)	(1 206 611)	-	(1 602 008)
Finance Costs	-	(13 002)	-	-	-	-	-	(1 577 951)	-	(1 590 953)
Bulk Purchases	-	-	-	-	-	-	-	-	-	-
Inventory Consumed	-	-	-	-	-	-	-	-	-	-
Contracted Services	(188 517)	(6 974 039)	-	-	-	-	(925)	(8 888 715)	-	(16 052 197)
Transfers and Grants	-	-	-	-	-	-	(100 000)	(206 867)	-	(306 867)
Other Expenditure	(1 179 640)	(645 363)	-	-	-	-	(109 881)	(8 811 408)	-	(10 746 292)
Losses	(75 415)	(313 936)	-	-	-	-	(533)	(16 779)	-	(406 664)
Internal charges	-	-	-	-	-	-	-	-	-	-
Total Segment Expenditure	(10 672 472)	(14 134 674)	-	-	-	-	(1 753 029)	(43 664 812)	-	(70 224 987)
Surplus/(Deficit)	(10 254 396)	(6 184 258)	-	-	-	-	(1 753 029)	18 685 775	-	494 093
	Community and public safety	Economic and environmental services	Trading Services				Other	Governance and Administration	Housing	Total
	R	R	Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	
Transfers Recognised - Capital	-	-	-	-	-	-	-	-	-	-
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	(10 254 396)	(6 184 258)	-	-	-	-	(1 753 029)	18 685 775	-	494 093
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	(10 254 396)	(6 184 258)	-	-	-	-	(1 753 029)	18 685 775	-	494 093
Attributable to Minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	(10 254 396)	(6 184 258)	-	-	-	-	(1 753 029)	18 685 775	-	494 093
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(10 254 396)	(6 184 258)	-	-	-	-	(1 753 029)	18 685 775	-	494 093

	Community and public safety	Economic and environmental services	Trading Services				Other	Governance and Administration	Housing	Total
			Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	
OTHER INFORMATION										
Segment Assets	-	-	-	-	-	-	17 044 885	-	-	17 044 885
Segment liabilities	-	-	-	-	-	-	(25 326 785)	-	-	(25 326 785)
Additions to non-current assets	-	-	-	-	-	-	-	-	-	-
Investment in associates (equity method) and joint ventures	-	-	-	-	-	-	-	-	-	-
Non-cash revenue (included above)	-	-	-	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-	-	-	-

Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 June 2020

Total Segment Revenue (including capital transfers and	70 719 080
Total Revenue as per Statement of Financial Performance	<u>70 719 080</u>
Difference	<u><u>-</u></u>

Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 June 2020

Total Segment Expenditure	(70 224 987)
Total Expenditure as per Statement of Financial Performance	<u>(69 918 293)</u>
Difference	<u><u>(306 694)</u></u>

Reconciling items

Items disclosed separately on the face of the Statement of Financial Performance

Reversal of Impairment Loss/(Impairment Loss) on Receivables

99 970

Gains/(Loss) on Sale of Fixed Assets

(375 311)

Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets

(31 353)

Reconciliation of the Statement of Financial Performance as at 30 June 2020 as per the Annual Financial Statements vs the Surplus of the Segment report

Surplus/(Deficit) for the year as per Segments	494 093
Surplus/(Deficit) for the year as per Statement of Financial Performance	<u>494 093</u>
Difference - as explained above	<u><u>0</u></u>

See the explanations for differences above under Revenue and Expenses.

Reconciliation of Segment Assets to Total Assets as per the Annual Financial Statements for the year ended 30 June 2020

Total Segment Assets	17 044 885
Total Assets as per Statement of Financial Position	<u>17 044 885</u>
Difference	<u><u>-</u></u>

Management does not monitor assets per segments as it does not at present have reliable separate financial information for decision-making purposes. The cost to develop this separately would be excessive, based on the Municipality's current financial position.

Reconciliation of Segment Liabilities to Total Liabilities as per the Annual Financial Statements for the year ended 30 June 2020

Total Segment Liabilities	(25 326 785)
Total Liabilities as per Statement of Financial Position	<u>(25 326 785)</u>
Difference	<u><u>-</u></u>

Management does not monitor liabilities per segments as it does not at present have reliable separate financial information for decision-making purposes. The cost to develop this separately would be excessive, based on the Municipality's current financial position.

NAMAKWA 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	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	2021 R	%
ASSETS								
Current Assets								
	Cash	14 527 232	(262 593)	14 264 639	-	14 264 639	142 409	-99.00%
	Call Investment Deposits	-	-	-	-	-	4 669 002	100.00%
	Consumer Debtors	709 637	-	709 637	-	709 637	4 863 536	585.36%
	Other Debtors	-	-	-	-	-	-	-
	Current Portion of long-term receivables	-	-	-	-	-	-	-
	Inventory	-	-	-	-	-	-	-
37.2.1	Total Current Assets	15 236 869	(262 593)	14 974 276	-	14 974 276	9 674 947	-35.39%
Non-Current Assets								
	Long-term Receivables	-	-	-	-	-	-	-
	Investments	-	-	-	-	-	-	-
	Investment Property	59 363	(15 995)	43 368	-	43 368	52 374	20.77%
	Investment in Associates	-	-	-	-	-	-	-
	Property, Plant and Equipment	8 070 971	(601 476)	7 469 495	-	7 469 495	6 560 422	-12.17%
	Agricultural Assets	-	-	-	-	-	-	-
	Biological Assets	-	-	-	-	-	-	-
	Intangible Assets	44 985	134 071	179 056	-	179 056	331 805	85.31%
	Other Non-Current Assets	-	-	-	-	-	-	-
37.2.2	Total Non-Current Assets	8 175 319	(483 400)	7 691 919	-	7 691 919	6 944 601	-9.72%
	TOTAL ASSETS	23 412 188	(745 993)	22 666 195	-	22 666 195	16 619 547	-26.68%
LIABILITIES								
Current Liabilities								
	Bank Overdraft	-	-	-	-	-	-	-
	Borrowing	102 845	-	102 845	-	102 845	119 423	16.12%
	Consumer Deposits	-	-	-	-	-	8 005	100.00%
	Trade and Other Payables	3 641 698	-	3 641 698	-	3 641 698	3 347 357	-8.08%
	Provisions	2 479 081	3 743	2 482 824	-	2 482 824	4 704 803	89.49%
37.2.3	Total Current Liabilities	6 223 624	3 743	6 227 367	-	6 227 367	8 179 589	31.35%
Non-Current Liabilities								
	Borrowing	-	-	-	-	-	45 339	100.00%
	Provisions	22 642 544	(2 434 544)	20 208 000	-	20 208 000	20 045 000	-0.81%
37.2.4	Total Non-Current Liabilities	22 642 544	(2 434 544)	20 208 000	-	20 208 000	20 090 339	-0.58%
	TOTAL LIABILITIES	28 866 168	(2 430 801)	26 435 367	-	26 435 367	28 269 927	6.94%
NET ASSETS								
	Accumulated Surplus/(Deficit)	(5 453 980)	1 684 808	(3 769 172)	-	(3 769 172)	(11 715 161)	210.82%
	Reserves	-	-	-	-	-	64 781	100.00%
37.2.5	TOTAL NET ASSETS	(5 453 980)	1 684 808	(3 769 172)	-	(3 769 172)	(11 650 380)	209.10%

NAMAKWA 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	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	2021 R	%
REVENUE								
Property Rates	-	-	-	-	-	-	-	-
Service Charges - Electricity Revenue	-	-	-	-	-	-	-	-
Service Charges - Water Revenue	-	-	-	-	-	-	-	-
Service Charges - Sanitation Revenue	-	-	-	-	-	-	-	-
Service Charges - Refuse Revenue	-	-	-	-	-	-	-	-
Rental of Facilities and Equipment	1 184 538	-	1 184 538	-	-	1 184 538	1 134 424	-4.23%
Interest Earned - External Investments	2 800 000	(775 000)	2 025 000	-	-	2 025 000	543 017	-73.18%
Interest Earned - Outstanding Debtors	60 000	6 000	66 000	-	-	66 000	67 439	2.18%
Dividends Received	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Licences and Permits	-	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-	-	-
Transfers Recognised - Operational	62 112 358	992 755	63 105 113	-	-	63 105 113	58 547 278	-7.22%
Other Revenue	6 568 237	199 643	6 767 880	-	-	6 767 880	3 430 993	-49.30%
Gains on Disposal of PPE	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	72 725 133	423 398	73 148 531	-	-	73 148 531	63 723 152	-12.89%
EXPENDITURE								
Employee Related Costs	42 561 612	648 850	43 210 462	-	-	43 210 462	41 776 162	-3.32%
Remuneration of Councillors	3 418 423	119 140	3 537 563	-	-	3 537 563	3 597 488	1.69%
Debt Impairment	(8 783 074)	2 334 729	(6 448 345)	-	-	(6 448 345)	(116 959)	-100.00%
Depreciation and Asset Impairment	1 220 036	4 444	1 224 480	-	-	1 224 480	1 579 620	29.00%
Finance Charges	55 110	105 889	160 999	-	-	160 999	1 516 966	842.22%
Bulk Purchases	-	-	-	-	-	-	-	-
Other Materials	1 235 892	(851 965)	383 927	-	-	383 927	-	-100.00%
Contracted Services	13 716 996	549 825	14 266 821	-	-	14 266 821	9 695 906	-32.04%
Transfers and Grants	220 000	229 900	449 900	-	-	449 900	706 445	57.02%
Other Expenditure	11 140 492	(115 668)	11 024 824	-	-	11 024 824	9 013 252	-18.25%
Loss on Disposal of PPE	-	-	-	-	-	-	1 594	100.00%
Total Expenditure	64 785 487	3 025 144	67 810 631	-	-	67 810 631	67 770 472	-0.06%
Surplus/(Deficit)	7 939 646	(2 601 746)	5 337 900	-	-	5 337 900	(4 047 321)	-175.82%
Transfers Recognised - Capital	-	-	-	-	-	-	678 841	100.00%
Contributions Recognised - Capital	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	7 939 646	(2 601 746)	5 337 900	-	-	5 337 900	(3 368 480)	-163.10%
Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	7 939 646	(2 601 746)	5 337 900	-	-	5 337 900	(3 368 480)	-163.10%
Attributable to Minorities	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	7 939 646	(2 601 746)	5 337 900	-	-	5 337 900	(3 368 480)	-163.10%
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	7 939 646	(2 601 746)	5 337 900	-	-	5 337 900	(3 368 480)	-163.10%

Financial Performance: Explanation of Variances between Approved Budget and Actual

Employee Related Costs:

Included in the actual outcome for employee related costs is actuarial losses of R 2 602 466 of post retirement benefits.

	R
Actual outcome as per Budgeted Statement of Financial Performance	41 776 162
Actuarial gains and losses separately disclosed on the Statement of Financial Performance	(2 602 466)
Employee related costs as per Statement of Financial Performance	<u>39 173 696</u>

**NAMAKWA 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	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	
	R	R	R	R	R	R	2021 R	%	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Taxation	-	-	-	-	-	-	-	-	
Service Charges	-	-	-	-	-	-	-	-	
Other Revenue	16 499 492	(2 135 086)	14 364 406	-	-	14 364 406	5 442 509	-62.11%	
Government - Operating	62 112 358	992 755	63 105 113	-	-	63 105 113	58 130 279	-7.88%	
Government - Capital	-	-	-	-	-	-	678 841	100.00%	
Interest	2 860 000	(769 000)	2 091 000	-	-	2 091 000	543 017	-74.03%	
Dividends	-	-	-	-	-	-	-	-	
Payments									
Suppliers and Employees	(77 356 828)	10 053 995	(67 302 833)	-	-	(67 302 833)	(62 188 705)	-7.60%	
Finance costs	-	-	-	-	-	-	(22 966)	#DIV/0!	
Transfers and Grants	(220 000)	(229 900)	(449 900)	-	-	(449 900)	(706 445)	57.02%	
Net Cash from/(used) Operating Activities	37.2.8	3 895 022	7 912 764	11 807 786	-	-	11 807 786	1 876 531	-84.11%
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	
Decrease/(Increase) in Non-Current Debtors	-	-	-	-	-	-	-	-	
Decrease/(Increase) in Other Non-Current Receivables	-	-	-	-	-	-	-	-	
Decrease/(Increase) in Non-Current Investments	-	-	-	-	-	-	-	-	
Payments									
Capital Assets	(1 275 000)	(315 650)	(1 590 650)	-	-	(1 590 650)	(1 099 992)	-30.85%	
Net Cash from/(used) Investing Activities	37.2.9	(1 275 000)	(315 650)	(1 590 650)	-	-	(1 590 650)	(1 099 992)	-30.85%
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Short Term Loans	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	0.00%	
Increase/(Decrease) in Consumer Deposits	-	-	-	-	-	-	1 109	100.00%	
Payments									
Repayment of Borrowing	(130 790)	(10 015)	(140 805)	-	-	(140 805)	(154 545)	9.76%	
Net Cash from/(used) Financing Activities	37.2.10	(130 790)	(10 015)	(140 805)	-	-	(140 805)	(153 436)	8.97%
NET INCREASE/(DECREASE) IN CASH HELD									
Cash and Cash Equivalents at the year begin:	12 038 000	(7 849 692)	4 188 308	-	-	4 188 308	4 188 307	0.00%	
Cash and Cash Equivalents at the year end:	14 527 232	(262 593)	14 264 639	-	-	14 264 639	4 811 411	-66.27%	

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board 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 or transitional provision 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 Property, Plant and Equipment, Investment Property and Intangible Assets 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 on a going concern basis.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by the National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.4, on which the municipality was required to transacted for periods after 1 July 2020. Changes in the current mSCOA charts for 2020/21 financial year did not result in any reclassifications of 2020 balances previously reported.

1.5. AMENDED DISCLOSURE POLICY

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 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 110 Living and Non-living Resources

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 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.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 National Treasury. The comparison of budget and actual amounts is disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

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

The comparable information includes the following:

- The approved and final budget amounts;
- Actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual 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%.

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

The following GRAP standards and Interpretations of the Standards of GRAP 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)	<u>Financial Instruments</u> 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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

REFERENCE	TOPIC	EFFECTIVE DATE
Guideline	<p><u>Guideline on Accounting for Landfill Sites</u></p> <p>The objective of the Guideline is to provide guidance to entities that manage and operate landfill sites.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
Guideline	<p><u>Guideline on The Application of Materiality to Financial Statements</u></p> <p>The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. This Guideline aims to assist entities in achieving the overall financial reporting objective.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	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, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.10. LEASES

1.10.1. Municipality as Lessee

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.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

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

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 derecognition and impairment of financial instruments are applied to lease receivables.

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 revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested 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 liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.12. PROVISIONS

Provisions are recognised when the Municipality has a present 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 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 pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

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;

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

- 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 shall be 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.

1.13. EMPLOYEE BENEFITS

(a) 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 charged against income in the year they become payable.

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

(b) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. 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

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) 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 as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. 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, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) 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.

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

Accumulated leave is vesting.

(e) Staff Bonuses

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.

(f) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity 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

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

benefits, the entity 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.

1.14. PROPERTY, PLANT AND EQUIPMENT

1.14.1. Initial Recognition

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;
- Property held by the municipality for strategic purpose.

The cost of an item of property, plant and equipment shall be 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 entity, 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 is initially measure at fair value (the cost).

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

If the acquired item's fair value was 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 are recognised as part of the cost of the asset.

1.14.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

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 associated with the asset.

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

<u>Land and Buildings</u>	Years
Land	Indefinite
Buildings	10-50
<u>Infrastructure</u>	
Roads and Streets	10-30
Storm Water	20
Electricity	20-30
Water	15-20
Sanitation	15-20
Waste Management	30

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Community

Recreation Facilities	20-30
Housing	20-30
Community Halls	20-30
Libraries	20-30
Parks and Gardens	20-30
Clinics	20-30
Security and Policing	5

Finance lease assets

Office equipment	1-3
Other Assets	1-5

Other

Motor Vehicles	3-17
Furniture and other Office equipment	3-22
Plant and Equipment	3-15
Computer equipment	3-16
Other Buildings	50

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

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.

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 charged to 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 impairment is recognised in the Statement of Financial Performance.

1.14.4. 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.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.15. INTANGIBLE ASSETS

1.15.1. 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 entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- Arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity 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.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- The municipality intends to complete the intangible asset for use or sale;
- It is technically feasible to complete the intangible asset;
- The municipality has the resources to complete the project;
- It is probable that the municipality will receive future economic benefits or service potential; and
- The Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

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 was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.15.2. Subsequent Measurement – Cost Model

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

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.15.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their 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:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	13
Computer Software Licenses	13

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

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.

1.15.4. 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.

1.16. INVESTMENT PROPERTY

1.16.1. Initial Recognition

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

- It is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- 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

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objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

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 are 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.

1.16.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

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1.16.3. 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.

<u>Investment Property</u>	Years
Buildings	50

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.

1.16.4. 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.

1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.17.1. 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.

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

- (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;

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- 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;
- 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.

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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 cash-generating unit'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.

1.17.2. 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.

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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 recorded 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:

- *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 to 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, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may

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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.

1.18. INVENTORIES

1.18.1. 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.

1.18.2. Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, and materials and supplies are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. 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.

In general, the basis of allocating cost to inventory items is the weighted average method.

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1.19. FINANCIAL INSTRUMENTS

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

1.19.1. 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.

1.19.2. Subsequent Measurement

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

1.19.2.1. Receivables

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

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. 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

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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. 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.

1.19.2.2. *Payables and Annuity Loans*

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

1.19.2.3. *Cash and Cash Equivalents*

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

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

1.19.2.4. *Non-Current Investments*

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at 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.

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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.

1.19.3. De-recognition

1.19.3.1. 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.

1.19.3.2. Financial Liabilities

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

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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.

1.19.4. Offsetting of Financial Instruments

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

1.20. STATUTORY RECEIVABLES

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.

1.20.1. Initial Recognition

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

1.20.2. Subsequent 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.

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

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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.

1.20.3. Derecognition

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.

1.21. REVENUE

1.21.1. 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

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receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from non-exchange transactions is recognised when:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity and;
- The fair value of the asset can be measured reliably.

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 raised 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.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

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).

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.

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.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

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.

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Revenue shall be 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.

1.21.2. 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;

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- 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.

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.

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.

Interest revenue is recognised using the effective interest rate method.

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.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

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 entity 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 entity.

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

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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; or
- 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.

1.22. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- 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, asset or liability; or
- Arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) Identifying the acquirer (Municipality);

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

- (b) Determining the acquisition date;
- (c) Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) Recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.23. ACCOUNTING BY PRINCIPALS AND AGENTS

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.

Identification

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Who determines significant terms?
- Who receives the benefit from the transactions?
- Is the municipality exposed to the variability of the outcome?

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.24. 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 Municipalities. 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 economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the 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

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

- (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 chief executive 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 and 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.

1.25. 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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), 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.

1.27. 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.

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

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.

1.29. 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

NAMAKWA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 9 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

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.

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.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 depreciated replacement 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 an 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.

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.

Investment Property

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

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

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

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

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.

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.

Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy 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.

1.30. TAXES – VALUE ADDED TAX

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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.

1.31. CAPITAL COMMITMENTS

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

1.32. 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 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 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.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2021

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying Value
	Opening Balance	Correction of Error	Additions	Transfers	Disposals	Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals	Impairment	Closing Balance	
Other Assets															
Land	2 084 458	-	-	-	-	-	2 084 458	-	-	-	-	-	-	-	2 084 458
Buildings	9 972 963	-	-	(110 000)	-	-	9 862 963	8 486 646	-	297 776	(99 000)	-	-	8 685 423	1 177 540
Furniture and Office Equipment	4 679 725	-	770 507	-	(189 229)	-	5 261 003	4 066 085	-	206 067	-	(189 181)	6 425	4 089 396	1 171 607
Machinery and Equipment	2 936 350	-	131 402	-	(130 780)	-	2 936 973	2 423 990	-	201 098	-	(130 750)	4 592	2 498 930	438 043
Transport Assets	5 704 677	-	-	-	(193 186)	-	5 511 492	3 524 100	-	641 564	-	(191 676)	-	3 973 987	1 537 504
	25 378 173	-	901 909	(110 000)	(513 194)	-	25 656 889	18 500 821	-	1 346 506	(99 000)	(511 607)	11 017	19 247 737	6 409 152
Leases															
Furniture and Office Equipment	418 265	-	85 672	-	-	-	503 937	201 412	-	151 255	-	-	-	352 667	151 270
	418 265	-	85 672	-	-	-	503 937	201 412	-	151 255	-	-	-	352 667	151 270
Total	25 796 438	-	987 581	(110 000)	(513 194)	-	26 160 826	18 702 233	-	1 497 760	(99 000)	(511 607)	11 017	19 600 404	6 560 422

2.2 30 JUNE 2020

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying Value
	Opening Balance	Correction of Error	Additions	Transfers	Disposals	Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals	Impairment	Closing Balance	
Other Assets															
Land	2 084 458	-	-	-	-	-	2 084 458	-	-	-	-	-	-	-	2 084 458
Buildings	10 181 190	-	-	135 000	(343 227)	-	9 972 963	8 300 382	-	366 052	118 800	(301 541)	2 953	8 486 646	1 486 317
Furniture and Office Equipment	4 943 901	28 644	216 109	-	(508 929)	-	4 679 725	4 361 324	3 341	187 661	-	(494 000)	7 760	4 066 085	613 639
Machinery and Equipment	2 980 924	-	-	-	(44 574)	-	2 936 350	2 278 483	-	171 037	-	(43 094)	17 563	2 423 990	512 360
Transport Assets	6 705 277	-	-	-	(1 000 600)	-	5 704 677	3 548 253	-	659 227	-	(683 380)	-	3 524 100	2 180 577
	26 895 750	28 644	216 109	135 000	(1 897 330)	-	25 378 173	18 488 442	3 341	1 383 977	118 800	(1 522 015)	28 276	18 500 821	6 877 352
Leases															
Furniture and Office Equipment	418 265	-	-	-	-	-	418 265	66 407	-	135 005	-	-	-	201 412	216 853
	418 265	-	-	-	-	-	418 265	66 407	-	135 005	-	-	-	201 412	216 853
Total	27 314 015	28 644	216 109	135 000	(1 897 330)	-	25 796 438	18 554 849	3 341	1 518 983	118 800	(1 522 015)	28 276	18 702 233	7 094 205

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
2.3	The municipality has no Property, Plant and Equipment which is in the process of being constructed or developed.	
2.4	The municipality has no Property, Plant and Equipment that is taking a significantly longer period of time to completed than expected.	
2.5	The municipality has no Property, Plant and Equipment where construction or development has been halted.	
2.6	Expenditure incurred to repair and maintain Property, Plant and Equipment:	
	-	-
	Employee related costs	
	-	-
	Other materials	
	-	-
	Contracted Services	
	-	-
	332 768	256 416
	- Maintenance of Buildings and Facilities	
	54 611	48 008
	- Maintenance of Equipment	
	89 899	101 521
	- Maintenance of Unspecified Assets	
	-	-
	Other Expenditure	
	-	-
	477 278	405 946
2.7	Assets pledged as security:	
	Leased Property, Plant and Equipment of R 151 270 (2020: R216 853) is secured for leases as set out in Note 8 and Appendix A.	
2.8	Third party payments received for losses incurred:	
	-	179 900
	Payments received (Excluding VAT)	
	-	(307 749)
	Carrying value of assets written off/lost	
	-	(127 849)
	Surplus/(Deficit)	
2.9	Impairment losses of Property, Plant and Equipment	
	Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:	
	Infrastructure	
	Community Assets	
	Other	
	11 017	88 993
	11 017	88 993
	Total Impairment Losses	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2.10 Effect of changes in accounting estimates

The effect of the Change in Accounting estimates due to the review of useful lives are as follows:

	2021 R	2022 R	2023 R
Increase / (Decrease) in depreciation of assets for the year	(121 316)	195 369	192 937

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

	2021 R	2020 R
Approved and contracted for (Including VAT):	-	203 359
Infrastructure	-	-
Community	-	-
Other	-	203 359
Total	-	203 359

This expenditure will be financed from:

External Loans	-	-
Capital Replacement Reserve	-	-
Government Grants	-	-
Own Resources	-	203 359
District Council Grants	-	-
Total	-	203 359

	2021 R	2020 R
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3. INVESTMENT PROPERTY

3.1 Net Carrying amount at 1 July

Cost	544 678	679 678
Accumulated Depreciation	(490 210)	(598 117)
Accumulated Impairment Loss	-	-
Transfer from/(to) Property, Plant and Equipment - Note 2	11 000	(16 200)

Cost	110 000	(135 000)
Accumulated Depreciation	(99 000)	118 800
Additions	-	-
Depreciation for the year	(13 094)	(10 894)

Net Carrying amount at 30 June	52 374	54 468
Cost	654 678	544 678
Accumulated Depreciation	(602 304)	(490 210)
Accumulated Impairment Loss	-	-

3.2 Revenue from Investment Property

Revenue derived from the rental of Investment Property	531 909	556 257
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3.3 No operating expenditure incurred on Investment Property during the year.

3.4 The municipality has no Investment Property which is in the process of being constructed or developed.

3.5 The municipality has no Investment Property that is taking a significantly longer period of time to completed than expected.

3.6 The municipality has no Investment Property where construction or development has been halted.

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

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
4. INTANGIBLE ASSETS		
4.1 Net Carrying amount at 1 July	196 653	238 542
Cost	3 039 237	3 011 828
Accumulated Amortisation	(2 842 585)	(2 773 286)
Additions	198 082	33 318
Amortisation	(62 923)	(72 130)
Carrying value of disposals	(7)	-
Cost	(37 927)	(5 909)
Accumulated amortisation	37 920	5 909
(Impairment Loss)/ Reversal of Impairment Loss	-	(3 077)
Net Carrying amount at 30 June	331 805	196 653
Cost	3 199 393	3 039 237
Accumulated Amortisation	(2 867 588)	(2 842 585)

4.2 The municipality has no Intangible assets which are in the process of being constructed or developed.

4.3 The municipality has no Intangible assets that are taking a significantly longer period of time to completed than expected.

4.4 The municipality has no Intangible assets where construction or development has been halted.

4.5 No intangible asset were assessed having an indefinite useful life.

4.6 There are no internally generated intangible assets at reporting date.

4.7 There are no intangible assets whose title is restricted.

4.8 There are no intangible assets pledged as security for liabilities.

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

4.10 Effect of changes in accounting estimates

The effect of the Change in Accounting estimates due to the review of useful lives are as follows:

	2021 R	2022 R	2023 R
Increase / (Decrease) in depreciation of assets for the year	(25 771)	47 909	37 684

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
5. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Property Rentals	1 089 563	1 129 246
Other Arrears	-	-
Prepayments and Advances	108 202	35 546
Insurance	91 202	-
Maintenance Contracts	17 000	35 546
Total: Receivables from exchange transactions (before provision)	1 197 765	1 164 792
Less: Provision for Debt Impairment	(564 727)	(629 244)
Total: Receivables from exchange transactions (after provision)	633 038	535 547
<u>(Property Rentals): Ageing</u>		
Current (0 - 30 days)	77 138	87 138
31 - 60 Days	61 166	76 166
61 - 90 Days	80 857	75 857
+ 90 Days	870 402	890 085
Total	1 089 563	1 129 246
	2021	2020
	R	R
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	629 244	694 276
Contribution to provision	-	-
Reversal of provision	(64 517)	(65 032)
Balance at end of year	564 727	629 244
The total amount of this provision is R 564 727 and consist of:		
Property Rentals	564 727	629 244
Other Debtors	-	-
Total Provision for Debt Impairment on Receivables from exchange transactions	564 727	629 244
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	64 524	64 524
2+ months past due	295 203	359 721
	359 727	424 245
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.		
6. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Department of Roads and Public Works	4 407 391	4 438 153
Sundry Debtor - Department Agriculture, Forestry and Fisheries	8 783 074	8 783 074
Sundry Debtor - Department of Environmental Affairs	3 493 008	3 493 008
Balance previously stated		3 506 516
Correction of Error - Note 32.2		(13 508)
Other Receivables	925 221	1 737 086
Balance previously stated		1 736 882
Correction of Error - Note 32.2	-	204
	17 608 694	18 451 321
Less: Provision for Debt Impairment	(13 583 465)	(13 635 907)
Total Receivables from non-exchange transactions	4 025 229	4 815 413
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	13 635 907	13 670 845
Contribution to provision	-	-
Reversal of provision	(52 442)	(34 938)
Balance at end of year	13 583 465	13 635 907

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The total amount of this provision is R 13 583 463 and consist of:

Taxes	-	-
Sundry Debtor - Department Agriculture, Forestry and Fisheries	8 783 074	8 783 074
Department of Roads and Public Works	4 407 391	4 438 153
Other receivables	393 000	414 681
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	13 583 465	13 635 907

Ageing of amounts past due but not impaired:

1 month past due	249 572	249 572
2+ months past due	4 266 423	4 318 865
	4 515 994	4 568 436

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.

	2021 R	2020 R
7. BANK ACCOUNTS		
7.1 Cash and Cash Equivalents		
Current Accounts	141 909	674 204
Call Deposits and Investments	4 669 002	3 513 603
Cash On-hand	500	500
Total Cash and Cash Equivalents - Assets	4 811 411	4 188 307

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R 407 135 are held to fund the Unspent Conditional Grants (2020: R 927 018).

The municipality has the following bank accounts:

Current Accounts

Nedbank Limited - Account Number 1140945939 (Primary Bank Account):	141 909	674 204
	141 909	674 204

Call Deposits and Investments

Nedbank Limited - Account Number 03/7662031837 (Capital Replacement Reserve):	160 639	159 370
Nedbank Private Wealth - Account Number NAMAK001/83 (Call Deposit):	1 608 917	522 456
Nedbank Limited - Account Number 03/7662031934 (Call Deposit):	648 963	648 963
Nedbank Limited - Account Number 03/7662031896 (Leave Reserve):	1 659 241	1 076 780
Nedbank Limited - Account Number 03/7662031799 (Finance Management Grant):	1 852	1 501
Nedbank Limited - Account Number 03/7662031845 (Municipal System Improvement Grant):	1 359	1 359
Nedbank Limited - Account Number 03/7662031780 (EPWP):	1 004	24 488
Nedbank Limited - Account Number 03/7662031829 (IDP):	-	2 001
Nedbank Limited - Account Number 03/7662031950 (Depositor Plus):	181 505	176 491
Nedbank Limited - Account Number 03/7662031926 (RRAMS):	1 001	2 614
Nedbank Limited - Account Number 03/7662031802 (Fire Equipment Grant):	-	11 733
Nedbank Limited - Account Number 03/7662031977 (PIMMS):	2 255	2 255
Nedbank Limited - Account Number 03/7662031772 (Electronic Filing System):	4 798	4 798
Nedbank Limited - Account Number 03/7662031853 (Training Fund SETA):	3 842	3 842
Nedbank Limited - Account Number 03/7662031918 (Work for Water):	2 602	2 525
Nedbank Limited - Account Number 03/7662031756 (Civil Defence Grant):	367 546	540 791
Nedbank Limited - Account Number 03/7662031942 (Khotso Pula Nala):	23 480	331 639
	4 669 002	3 513 603

The Municipality has the following current bank account:

Nedbank Limited - Account Number 1140945939 (Primary Bank Account):

Cash book balance at beginning of year	674 204	1 352 082
Cash book balance at end of year	141 909	674 204

Bank statement balance at beginning of year	677 701	1 352 082
Bank statement balance at end of year	145 569	677 701

Details of call investment accounts are as follow:

Nedbank Limited - Account Number 03/7662031837 (Capital Replacement Reserve):

Cash book balance at beginning of year	159 370	200 484
Cash book balance at end of year	160 639	159 370

Bank statement balance at beginning of year	159 370	200 484
Bank statement balance at end of year	160 639	159 370

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
Nedbank Private Wealth - Account Number NAMA001/83 (Call Deposit):		
Cash book balance at beginning of year	522 456	1 947 333
Cash book balance at end of year	<u>1 608 917</u>	<u>522 456</u>
Bank statement balance at beginning of year	522 456	1 947 333
Bank statement balance at end of year	<u>1 608 917</u>	<u>522 456</u>
Nedbank Limited - Account Number 03/7662031934 (Call Deposit):		
Cash book balance at beginning of year	648 963	648 963
Cash book balance at end of year	<u>648 963</u>	<u>648 963</u>
Bank statement balance at beginning of year	648 963	648 963
Bank statement balance at end of year	<u>648 963</u>	<u>648 963</u>
Nedbank Limited - Account Number 03/7662031896 (Leave Reserve):		
Cash book balance at beginning of year	1 076 780	1 076 780
Cash book balance at end of year	<u>1 659 241</u>	<u>1 076 780</u>
Bank statement balance at beginning of year	1 076 780	1 076 780
Bank statement balance at end of year	<u>1 659 241</u>	<u>1 076 780</u>
Nedbank Limited - Account Number 03/7662031799 (Finance Management Grant):		
Cash book balance at beginning of year	1 501	1 026
Cash book balance at end of year	<u>1 852</u>	<u>1 501</u>
Bank statement balance at beginning of year	1 501	1 026
Bank statement balance at end of year	<u>2 034</u>	<u>1 501</u>
Nedbank Limited - Account Number 03/7662031845 (Municipal System Improvement Grant):		
Cash book balance at beginning of year	1 359	1 359
Cash book balance at end of year	<u>1 359</u>	<u>1 359</u>
Bank statement balance at beginning of year	1 359	1 359
Bank statement balance at end of year	<u>1 359</u>	<u>1 359</u>
Nedbank Limited - Account Number 03/7662031780 (EPWP):		
Cash book balance at beginning of year	24 488	1 070
Cash book balance at end of year	<u>1 004</u>	<u>24 488</u>
Bank statement balance at beginning of year	24 488	1 070
Bank statement balance at end of year	<u>1 004</u>	<u>24 488</u>
Nedbank Limited - Account Number 03/7662031829 (IDP):		
Cash book balance at beginning of year	2 001	2 001
Cash book balance at end of year	<u>-</u>	<u>2 001</u>
Bank statement balance at beginning of year	2 001	2 001
Bank statement balance at end of year	<u>-</u>	<u>2 001</u>
Nedbank Limited - Account Number 03/7662031950 (Depositor Plus):		
Cash book balance at beginning of year	176 491	167 220
Cash book balance at end of year	<u>181 505</u>	<u>176 491</u>
Bank statement balance at beginning of year	176 491	167 220
Bank statement balance at end of year	<u>181 505</u>	<u>176 491</u>

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<i>Nedbank Limited - Account Number 03/7662031926 (RRAMS):</i>		
Cash book balance at beginning of year	2 614	7 168
Cash book balance at end of year	1 001	2 614
Bank statement balance at beginning of year	2 614	7 168
Bank statement balance at end of year	1 001	2 614
<i>Nedbank Limited - Account Number 03/7662031802 (Fire Equipment Grant):</i>		
Cash book balance at beginning of year	11 733	11 733
Cash book balance at end of year	-	11 733
Bank statement balance at beginning of year	11 733	11 733
Bank statement balance at end of year	-	11 733
<i>Nedbank Limited - Account Number 03/7662031977 (PIMMS):</i>		
Cash book balance at beginning of year	2 255	2 255
Cash book balance at end of year	2 255	2 255
Bank statement balance at beginning of year	2 244	2 244
Bank statement balance at end of year	2 244	2 244
<i>Nedbank Limited - Account Number 03/7662031772 (Electronic Filing System):</i>		
Cash book balance at beginning of year	4 798	4 798
Cash book balance at end of year	4 798	4 798
Bank statement balance at beginning of year	4 798	4 798
Bank statement balance at end of year	4 798	4 798
<i>Nedbank Limited - Account Number 03/7662031853 (Training Fund SETA):</i>		
Cash book balance at beginning of year	3 842	3 842
Cash book balance at end of year	3 842	3 842
Bank statement balance at beginning of year	3 842	3 842
Bank statement balance at end of year	3 842	3 842
<i>Nedbank Limited - Account Number 03/7662031918 (Work for Water):</i>		
Cash book balance at beginning of year	2 525	664 963
Cash book balance at end of year	2 602	2 525
Bank statement balance at beginning of year	2 525	664 963
Bank statement balance at end of year	2 602	2 525
<i>Nedbank Limited - Account Number 03/7662031756 (Civil Defence Grant):</i>		
Cash book balance at beginning of year	540 791	393 529
Cash book balance at end of year	367 546	540 791
Bank statement balance at beginning of year	540 791	393 529
Bank statement balance at end of year	367 546	540 791
<i>Nedbank Limited - Account Number 03/7662031942 (Khotso Pula Nala):</i>		
Cash book balance at beginning of year	331 639	1 050 393
Cash book balance at end of year	23 480	331 639
Bank statement balance at beginning of year	331 639	1 050 393
Bank statement balance at end of year	23 480	331 639

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
8. LONG-TERM BORROWINGS		
Capitalised Lease Liability - At amortised cost	164 762	233 635
Less: Current Portion transferred to Current Liabilities	<u>(119 423)</u>	<u>(140 805)</u>
Total Long-term Borrowings	<u>45 339</u>	<u>92 830</u>

	2021 R	2020 R
8.1 The obligations under finance leases are scheduled below:		Minimum payments
Amounts payable under finance leases:		
Payable within one year	134 379	171 793
Payable within two to five years	50 734	98 567
Payable after five years	-	-
	<u>185 113</u>	<u>270 360</u>
Less: Future finance obligations	<u>(20 351)</u>	<u>(36 725)</u>
Present value of finance lease obligations	<u>164 762</u>	<u>233 635</u>

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Nashua	Copiers	15.38%	0%	3 Years	31/01/2022
MTN	Laptops	15.38%	0%	3 Years	30/11/2023

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

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

	2021 R	2020 R
9. NON-CURRENT EMPLOYEE BENEFITS		
Provision for Post Retirement Health Care Benefits	18 260 000	15 497 000
Provision for Long Service Awards	1 785 000	1 694 000
Total Non-current Employee Benefits	<u>20 045 000</u>	<u>17 191 000</u>
<u>Post Retirement Health Care Benefits</u>		
Balance 1 July	17 129 000	18 419 312
Balance previously stated		19 894 282
Correction of Error - Note 32.3		(1 474 970)
Contribution for the year	1 914 000	1 897 868
Balance previously stated		2 042 035
Correction of Error - Note 32.3		(144 167)
Expenditure for the year	(1 553 757)	(1 549 813)
Actuarial Loss/(Gain)	2 454 757	(1 638 367)
Balance previously stated		(2 542 504)
Correction of Error - Note 32.3		904 137
Total provision 30 June	<u>19 944 000</u>	<u>17 129 000</u>
Less: Transfer of Current Portion to Current Provisions - Note 11	(1 684 000)	(1 632 000)
Balance previously stated		(1 642 000)
Correction of Error - Note 32.3		10 000
Balance 30 June	<u>18 260 000</u>	<u>15 497 000</u>
<u>Long Service Awards</u>		
Balance 1 July	1 759 000	1 608 377
Contribution for the year	310 000	291 522
Expenditure for the year	(133 709)	(164 139)
Actuarial Loss/(Gain)	147 709	23 239
Total provision 30 June	<u>2 083 000</u>	<u>1 759 000</u>
Less: Transfer of Current Portion to Current Provisions - Note 11	(298 000)	(65 000)
Balance 30 June	<u>1 785 000</u>	<u>1 694 000</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

9.1 Provision for Post Retirement Health Care Benefits	2021 R	2020 R
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	62	66
In-service (employee) non-members	8	8
Continuation members (e.g. Retirees, widows, orphans)	38	37
Total Members	108	111

	2021 R	2020 R
The liability in respect of past service has been estimated to be as follows:		
In-service members	4 535 000	3 918 000
In-service non-members	86 000	57 000
Continuation members	15 323 000	13 154 000
Total Liability	19 944 000	17 129 000

	2019 R	2018 R	2017 R
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
In-service members	4 597 621	3 943 718	3 676 621
Continuation members	13 821 691	12 706 585	13 578 902
Total Liability	18 419 312	16 650 303	17 255 523

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R436 000, whereas the Interest Cost for the next year is estimated to be R1 769 000.

Key actuarial assumptions used:	2021 %	2020 %
i) Rate of interest		
Discount rate	9.25%	9.15%
Health Care Cost Inflation Rate	6.42%	5.42%
Net Effective Discount Rate	2.66%	3.54%

ii) Mortality rates

The PA (90) -1 ultimate table, with a 1% improvement p.a from 2010 was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 62 years.

iv) Expected rate of salary increases

The three-year Salary and Wage Collective Agreement ends on 30 June 2021. The current negotiations are still under way.

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	19 944 000	17 129 000
Fair value of plan assets	-	-
	<u>19 944 000</u>	<u>17 129 000</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	<u>19 944 000</u>	<u>17 129 000</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	17 129 000	18 419 312
Total expenses	360 243	348 055
Current service cost	420 000	352 425
Interest Cost	1 494 000	1 545 443
Benefits Paid	(1 553 757)	(1 549 813)
Actuarial (gains)/losses	2 454 757	(1 638 367)
Present value of fund obligation at the end of the year	<u>19 944 000</u>	<u>17 129 000</u>

Reconciliation of fair value of plan assets:

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

Sensitivity Analysis on the Accrued Liability on 30 June 2021

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	4.621	15.323	19.944

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation rate	1%	5.172	16.294	21.466	8%
Health care inflation rate	-1%	3.959	14.415	18.374	-8%
Discount rate	1%	3.875	14.279	18.154	-9%
Discount rate	-1%	5.581	16.528	22.109	11%
Post-employment mortality	+1 year	4.484	14.686	19.170	-4%
Post-employment mortality	-1 year	4.757	15.974	20.731	4%
Average retirement age	-1 year	5.046	15.323	20.369	2%
Continuation of membership at retirement	-10%	4.045	15.323	19.368	-3%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2022

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	436 000	1 769 000	2 205 000

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 rate	1%	496 000	1 909 000	2 405 000	9%
Health care inflation rate	-1%	367 000	1 624 000	1 991 000	-10%
Discount rate	1%	365 000	1 777 000	2 142 000	-3%
Discount rate	-1%	530 000	1 756 000	2 286 000	4%
Post-employment mortality	+1 year	424 000	1 697 000	2 121 000	-4%
Post-employment mortality	-1 year	449 000	1 841 000	2 290 000	4%
Average retirement age	-1 year	499 000	1 808 000	2 307 000	5%
Continuation of membership at retirement	-10%	385 000	1 715 000	2 100 000	-5%
				2021	2020
				Rm	Rm

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	0.863	0.677
Assets: Gain / (loss)	-	-

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

	2019	2018	2017
	Rm	Rm	Rm
Liabilities: (Gain) / loss	2.167	(0.438)	0.536
Assets: Gain / (loss)	-	-	-

Impact of Covid-19:

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effects treatments and/or vaccines will have. Once long-term impacts of Covid-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

9.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 70 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R188 000 whereas the Interest Cost for the next year is estimated to be R177 000.

Key actuarial assumptions used:	2021	2020
	%	%
i) Rate of interest		
Discount rate	9.13%	7.56%
General Salary Inflation (long-term)	5.77%	4.13%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.18%	3.29%

	2021	2020
	R	R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	2 083 000	1 759 000
Fair value of plan assets	-	-
	<u>2 083 000</u>	<u>1 759 000</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	<u><u>2 083 000</u></u>	<u><u>1 759 000</u></u>

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	1 759 000	1 608 377
Total expenses	176 291	127 383
Current service cost	179 000	166 212
Interest Cost	131 000	125 310
Benefits Paid	(133 709)	(164 139)
Actuarial (gains)/losses	147 709	23 239
Present value of fund obligation at the end of the year	2 083 000	1 759 000

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability on 30 June 2021

Assumption	Change	Liability (Rm)	% change
Central assumptions		2 083.000	
General earnings inflation	+1%	2 209.000	6%
General earnings inflation	-1%	1 968.000	-6%
Discount rate	+1%	1 964.000	-6%
Discount rate	-1%	2 216.000	6%
Average retirement age	-2 yrs	2 230.000	7%
Average retirement age	2 yrs	1 945.000	-7%
Withdrawal rates	x2	1 655.000	-21%
Withdrawal rates	x0.5	2 373.000	14%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2022

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	188 000	177 000	365 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General earnings inflation	+1%	202 000	188 000	390 000	7%
General earnings inflation	-1%	175 000	166 000	341 000	-7%
Discount rate	+1%	176 000	184 000	360 000	-1%
Discount rate	-1%	201 000	168 000	369 000	1%
Average retirement age	-1 year	199 000	190 000	389 000	7%
Average retirement age	-1 year	176 000	164 000	340 000	-7%
Withdrawal Rate	x2	136 000	138 000	274 000	-25%
Withdrawal Rate	x0.5	225 000	203 000	428 000	17%

	2021 R	2020 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	139 709	115 239
Assets: Gain / (loss)	-	-

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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	(11 336)	91 754	(103 521)
Assets: Gain / (loss)	-	-	-

Impact of Covid-19:

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effects treatments and/or vaccines will have. Once long-term impacts of Covid-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

	2021 R	2020 R
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9.3 Retirement funds

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

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

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

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

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

Contributions paid recognised in the Statement of Financial Performance	91 007	83 655
	<u>2021 R</u>	<u>2020 R</u>

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	2 633 310	2 426 181
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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.

Contributions paid recognised in the Statement of Financial Performance

Government Employees Pension Fund	120 070	111 497
SAMWU National Provident Fund	906 668	845 063
	<u>1 026 738</u>	<u>956 560</u>

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
10. CONSUMER DEPOSITS		
Rental Properties	8 005	6 896
Total Consumer Deposits	8 005	6 896

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

11. CURRENT EMPLOYEE BENEFITS		
Staff Bonuses	1 000 364	948 360
Staff Leave	1 722 439	1 679 575
Current Portion of Non-Current Provisions	1 982 000	1 697 000
Current Portion of Post Retirement Benefits - Note 9	1 684 000	1 632 000
Balance previously stated		1 642 000
Correction of Error - Note 32.4		(10 000)
Current Portion of Long-Service Provisions - Note 9	298 000	65 000
Total Provisions	4 704 803	4 324 935

The movement in current provisions are reconciled as follows:

11.1 Staff Bonuses		
Balance at beginning of year	948 360	811 531
Contribution to current portion	1 783 767	1 660 665
Expenditure incurred	(1 731 764)	(1 523 836)
Balance at end of year	1 000 364	948 360

Bonuses are being paid to all municipal staff. 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.

11.2 Staff Leave		
Balance at beginning of year	1 679 575	1 481 995
Contribution to current portion	125 755	372 080
Expenditure incurred	(82 890)	(174 500)
Balance at end of year	1 722 439	1 679 575

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

12. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	510 483	398 506
Advance Payments	48 209	37 769
Department of Environmental affairs - Work for Water	2 525	2 525
Other Payables	2 271 818	2 200 198
Balance previously stated		2 207 354
Correction of Error - Note 32.5	-	(7 156)
Total Trade Payables	2 833 035	2 638 998

Payables are being recognised net of any discounts.

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

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

All payables are unsecured.

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
13. UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Transfers and Subsidies	514 322	931 321
National Government Grants	7 653	35 942
Provincial Government Grants	413 201	888 795
Other Sources	93 469	6 583
Less: Unpaid Transfers and Subsidies	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
Total Unspent Transfers and Subsidies	514 322	931 321
See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		
14. TAXES		
14.1 VAT Payable	-	-
VAT Output in Suspense	(136 934)	(163 919)
Less: Contribution to Provision for Doubtful Debt Impairment	-	-
Total VAT Payable	(136 934)	(163 919)
14.2 VAT Receivable	264 607	258 010
VAT Input in Suspense	77 596	66 201
Total VAT Receivable	342 203	324 211
14.3 Net VAT (Payable)/Receivable	205 269	160 292
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
15. NET ASSET RESERVES		
RESERVES	64 781	96 745
Capital Replacement Reserve	64 781	96 745
Total Net Asset Reserve and Liabilities	64 781	96 745
15.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
16. GOVERNMENT GRANTS AND SUBSIDIES		
Government Grants and Subsidies - Operating	58 547 278	56 856 667
Equitable Share	51 321 000	49 192 000
Expanded Public Works Programme Integrated Grant	999 210	972 856
Local Government Financial Management Grant	1 526 018	1 784 525
Municipal Disaster Relief Grant	-	148 639
Fire Equipment Grant	10 382	-
Integrated Development Planning	1 229	-
Rural Road Asset Management Systems Grant	2 929 613	3 076 215
Civil Defence Subsidy	37 026	170 381
NC Housing	715 932	793 296
Khotso Pula Nala	305 634	718 754
Training Reserve (SETA)	701 235	-
Government Grants and Subsidies - Capital	678 841	73 141
Rural Road Asset Management Systems Grant	-	-
Financial Management Grant	673 449	-
Civil Defence Subsidy	5 392	73 141
Total Government Grants and Subsidies	59 226 119	56 929 809

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
Included in above are the following grants and subsidies received:		
<u>Unconditional</u>	51 321 000	49 192 000
Equitable Share	51 321 000	49 192 000
<u>Conditional</u>	7 905 119	7 737 809
Local Government Financial Management Grant	2 199 467	1 784 525
Municipal Disaster Relief Grant	-	148 639
Fire Equipment Grant	10 382	-
Rural Road Asset Management Systems Grant	2 929 613	3 076 215
Civil Defence Subsidy	42 418	243 523
NC Housing	715 932	793 296
Khotso Pula Nala	305 634	718 754
Training Reserve (SETA)	701 235	-
Expanded Public Works Programme Integrated Grant	999 210	972 856
Integrated Development Planning	1 229	-
Total Government Grants and Subsidies	59 226 119	56 929 809

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

Equitable share - Administration	8 021 000	6 959 000
Executive and Council	4 466 371	4 516 152
Finance and Administration	43 450 702	41 267 525
Public Safety	52 800	392 162
Planning and Development	3 235 247	3 794 970
Total Government Grants and Subsidies	59 226 119	56 929 809

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.

16.1 Finance Management Grant

Opening balance	1 501	1 026
Grants received	2 200 000	1 785 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 526 018)	(1 784 525)
Conditions met - Capital	(673 449)	-
Conditions still to be met	2 034	1 501

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

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
16.2 <u>RSC Levies Replacement Grant</u>		
Opening balance	-	-
Grants received	40 550 000	39 483 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(40 550 000)	(39 483 000)
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>
<p>This is an unconditional grant established to make provision for income for the District Municipalities after the RSC levies were terminated.</p>		
16.3 <u>Equitable Share</u>		
Opening balance	-	-
Grants received	8 021 000	6 959 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(8 021 000)	(6 959 000)
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>
<p>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.</p>		
16.4 <u>Councillors Remuneration Grant</u>		
Opening balance	-	-
Grants received	2 750 000	2 750 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(2 750 000)	(2 750 000)
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>
<p>This is an unconditional grant to co-funding the councillors remuneration.</p>		
16.5 <u>Municipal System Improvement Grant</u>		
Opening balance	1 359	1 359
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>1 359</u>	<u>1 359</u>
<p>The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.</p>		
16.6 <u>Rural Roads Asset Management Grant</u>		
Opening balance	2 614	2 829
Grants received	2 928 000	3 076 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(2 929 613)	(3 076 215)
Conditions met - Capital	-	-
Conditions still to be met	<u>1 001</u>	<u>2 614</u>
<p>This grant was established to make provision for the establishment of a roads network.</p>		

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
16.7 <u>Planning and Implementation Management System</u>		
Opening balance	2 255	2 255
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>2 255</u>	<u>2 255</u>
This is a planning reserve and is utilised for planning purposes.		
16.8 <u>Municipal Disaster Relief Grant</u>		
Opening balance	361	-
Grants received	-	149 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(148 639)
Conditions met - Capital	-	-
Conditions still to be met	<u>361</u>	<u>361</u>
This grant is used to assist the municipality with the COVID-19 pandemic.		
16.9 <u>Border Fencing</u>		
Opening balance	-	-
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>
This grant was established to make provision for fencing next to public roads.		
16.10 <u>Civil Defence Subsidy</u>		
Opening balance	396 006	393 529
Grants received	-	246 000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(37 026)	(170 381)
Conditions met - Capital	(5 392)	(73 141)
Conditions still to be met	<u>353 588</u>	<u>396 006</u>
This conditional grant is to establish a disaster management centre.		
16.11 <u>Expanded Public Works Program</u>		
Opening balance	28 214	1 070
Grants received	1 000 000	1 000 000
Repaid to National Revenue Fund	(28 000)	-
Conditions met - Operating	(999 210)	(972 856)
Conditions met - Capital	-	-
Conditions still to be met	<u>1 004</u>	<u>28 214</u>
This grant service to establish work in local communities.		
16.12 <u>Fire Equipment Grant</u>		
Opening balance	11 733	11 733
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(10 382)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>1 351</u>	<u>11 733</u>
This grant is to assist local municipalities to render a fire service.		

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
16.13 <u>Integrated Development Planning</u>		
Opening balance	2 001	2 001
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 229)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>772</u>	<u>2 001</u>
This reserve assist the municipality to compile and maintain the Integrated Development Plan.		
16.14 <u>Komaggas Road</u>		
Opening balance	1	1
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>1</u>	<u>1</u>
This grant was used to build the Kommagas road.		
16.15 <u>SA Projects</u>		
Opening balance	8	8
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>8</u>	<u>8</u>
This grant is to create work programmes in local communities.		
16.16 <u>NC Housing</u>		
Opening balance	142 259	135 554
Grants received	600 000	800 000
Conditions met - Operating	(715 932)	(793 296)
Conditions met - Capital	-	-
Conditions still to be met	<u>26 327</u>	<u>142 259</u>
This grant is to establish a housing unit at the District level.		
16.17 <u>Khotso Pula Nala</u>		
Opening balance	331 631	1 050 385
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(305 634)	(718 754)
Conditions met - Capital	-	-
Conditions still to be met	<u>25 996</u>	<u>331 631</u>
This grant originated from the Department Roads and Public Works and is used for projects determined by the Department.		
16.18 <u>Electronic Filing System</u>		
Opening balance	4 798	4 798
Grants received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>4 798</u>	<u>4 798</u>
The grant was used to implement an electronic filing system.		

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
16.19 Training Reserve (SETA)		
Opening balance	6 583	3 842
Grants received	788 121	2 742
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(701 235)	-
Conditions met - Capital	-	-
Conditions still to be met	93 469	6 583
This is the amount claimed back from SETA for training and is utilised for training.		
16.20 Total Grants		
Opening balance	931 321	1 610 388
Grants received	58 837 121	56 250 742
Repaid to National Revenue Fund	(28 000)	-
Conditions met - Operating	(58 547 278)	(56 856 667)
Conditions met - Capital	(678 841)	(73 141)
Conditions still to be met/(Grant expenditure to be recovered)	514 322	931 321
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	514 322	931 321
Unpaid Conditional Government Grants and Receipts	-	-
Total	514 322	931 321
17. RENTAL FROM FIXED ASSETS		
Rental of facilities	1 134 424	1 006 430
Total Rental from Fixed Assets	1 134 424	1 006 430
18. INTEREST EARNED - EXTERNAL INVESTMENTS		
Financial assets	543 017	934 429
Total Interest Earned - External Investments	543 017	934 429

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
19. INTEREST EARNED - EXCHANGE TRANSACTIONS		
Other Receivables	67 439	75 687
Total Interest Earned - Outstanding Receivables	67 439	75 687
20. OPERATIONAL REVENUE		
Commission	4 908	6 581
Inspection Fees	97 656	25 915
Insurance Refund	-	179 900
Management Fees	127 304	133 739
Services rendered to Department Environmental Affairs	-	4 155 446
Balance previously stated		4 168 954
Correction of Error - 32.7		(13 508)
Services rendered to Construction Education and Training Authority	2 363 000	4 692 063
Services rendered to Department Health	408 124	-
Services rendered to Department Economic Development and Tourism	430 000	940 714
Total Operational Revenue	3 430 993	10 134 358
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	3 430 993	10 134 358
Revenue from Non-Exchange Transactions	-	-
Total Operational Revenue	3 430 993	10 134 358
21. EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	27 345 115	24 930 288
Pension and UIF Contributions	4 262 781	3 932 329
Medical Aid Contributions	1 414 082	1 307 703
Overtime	308 313	400 853
Bonuses	1 783 767	1 660 665
Motor Vehicle Allowance	2 439 429	2 448 398
Cell Phone Allowance	200 584	193 772
Housing Allowances	591 686	571 742
Other benefits and allowances	110 247	57 838
Balance previously stated		59 914
Correction of Error - 32.7		(2 076)
Payments in lieu of leave	125 755	372 080
Workmen's Compensation Fund	171 936	166 509
Post-retirement Benefit Obligations	420 000	352 425
Balance previously stated		363 678
Correction of Error - 32.7		(11 253)
	39 173 696	36 394 603
Less: Employee Costs allocated elsewhere	-	-
Cost Capitalised to PPE	-	-
Cost allocated to Inventory	-	-
Total Employee Related Costs	39 173 696	36 394 603
KEY MANAGEMENT PERSONNEL		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - CJ Fortuin</i>		
Annual Remuneration	896 609	901 316
Performance- and other bonuses	44 380	44 141
Allowances	297 437	294 838
Contributions to UIF, Medical and Pension Funds	155 382	153 016
Total	1 393 808	1 393 311
<i>Remuneration of the Chief Finance Officer - R Datadin</i>		
Annual Remuneration	1 086 734	979 659
Performance- and other bonuses	50 300	47 300
Allowances	117 842	153 271
Contributions to UIF, Medical and Pension Funds	160 181	151 335
Long service awards	18 108	-
Total	1 433 165	1 331 565

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
Remuneration of Senior Manager: Corporate and Municipal Health Services - GE Cloete		
Annual Remuneration	940 810	877 015
Performance- and other bonuses	48 600	45 700
Allowances	153 523	152 970
Contributions to UIF, Medical and Pension Funds	106 789	100 497
Total	1 249 722	1 176 182
Remuneration of Senior Manager: Economic Development and Planning - JT Loubser		
Annual Remuneration	908 310	854 880
Performance- and other bonuses	75 693	71 240
Allowances	136 247	129 772
Contributions to UIF, Medical and Pension Funds	222 586	207 926
Total	1 342 836	1 263 819
Remuneration of Senior Manager: Municipal Support Unit - HW Niehaus		
Annual Remuneration	273 966	-
Allowances	86 361	-
Contributions to UIF, Medical and Pension Funds	772	-
Acting allowance	18 645	-
Total	379 744	-
Remuneration of Manager: Projects - I Smith		
Annual Remuneration	596 928	561 816
Performance- and other bonuses	49 744	46 818
Allowances	175 538	175 702
Long service award	-	16 854
Contributions to UIF, Medical and Pension Funds	137 610	129 928
Total	959 820	931 119
Remuneration of Manager: Maintenance and Household Services - E Bezuidenhout		
Annual Remuneration	672 060	632 532
Performance- and other bonuses	56 005	52 711
Acting allowance	-	5 269
Allowances	172 888	171 793
Contributions to UIF, Medical and Pension Funds	144 074	135 929
Total	1 045 027	998 234
Remuneration of Head Accountant: Budget and Treasury - C Brown		
Annual Remuneration	482 196	443 196
Performance- and other bonuses	40 183	36 933
Allowances	128 475	127 577
Contributions to UIF, Medical and Pension Funds	139 980	129 584
Long service award	-	-
Total	790 835	737 291
Remuneration of Manager: Municipal Health Services - D Smith		
Annual Remuneration	505 596	464 748
Performance- and other bonuses	42 133	38 729
Allowances	141 158	142 248
Contributions to UIF, Medical and Pension Funds	114 111	105 728
Total	802 997	751 453

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
22. REMUNERATION OF COUNCILLORS		
MJ Cloete - Councillor - Current Executive Mayor	605 801	605 801
HJ Jack - Councillor	404 592	404 593
GY Pieters - Councillor - Current Speaker	433 597	274 590
CK Klaase - Councillor (Resigned)	-	193 161
JE Davids - Councillor	105 101	60 932
CR Warne - Councillor	316 830	316 093
G Gous - Councillor	17 006	15 473
ZP De Jongh - Councillor	17 339	17 339
WJP Links - Councillor	99 123	91 567
AM Beukes - Councillor	316 830	316 830
AS Minnie - Councillor	316 830	315 594
EP Cloete - Councillor	306 819	92 916
AW Beukes - Councillor	316 830	330 310
FJ Farao - Councillor	316 830	122 085
CG Coetzee - Councillor	6 619	27 696
GJ Coetzee - Councillor	17 339	17 155
Total Councillors' Remuneration	3 597 488	3 202 134

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	605 801	-	-	-	605 801
Speaker	433 597	-	-	-	433 597
Chief Whip	474 467	158 156	88 800	-	721 423
Executive Committee Members	114 906	89 318	-	-	204 224
Section 79 Committee Chairperson	230 114	76 705	-	-	306 819
Councillors	862 673	285 352	177 600	-	1 325 625
Total Councillors' Remuneration	2 721 558	609 530	266 400	-	3 597 488

In-kind Benefits

The Executive Mayor, Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor as well as the Speaker may utilise official Council transportation when engaged in official duties.

	2021 R	2020 R
23. CONTRACTED SERVICES		
Outsourced Services	37 681	3 807 481
Alien Vegetation Control	19 681	3 802 481
Burial Services	18 000	5 000
Consultants and Professional Services	8 366 920	10 816 230
Business and Advisory	5 717 543	8 269 580
Audit Committee	75 922	85 038
Business and Financial Management	1 010 930	1 285 125
Project Management	526 562	960 339
Research and Advisory	4 104 129	5 939 078
Infrastructure and Planning	2 353 494	2 444 683
Civil	2 353 494	2 444 683
Laboratory Services	2 309	-
Water	2 309	-
Legal Cost	293 574	101 967
Legal Advice and Litigation	293 574	101 967

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
Contractors	1 291 305	1 428 486
Artists and Performers	3 585	51 135
Building	83 586	40 374
Catering Services	350 194	235 035
Electrical	20 469	5 700
Employee Wellness	17 117	13 020
Interior Decorator	-	20 000
Maintenance of Buildings and Facilities	332 768	251 336
Balance previous stated		256 416
Correction of Error - Note 32.7		(5 080)
Maintenance of Equipment	374 724	464 805
Maintenance of Unspecified Assets	89 899	101 521
Transportation	7 000	32 000
Safeguard and Security	-	28 574
Stage and Sound Crew	-	184 987
Total Contracted Services	9 695 906	16 052 197
24. DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	1 497 708	1 518 983
Intangible Assets	57 801	72 130
Investment Property carried at cost	13 094	10 894
Total Depreciation and Amortisation	1 568 603	1 602 006
25. FINANCE COSTS		
Long-term Borrowings	22 966	45 510
Non-current Employee Benefits	1 494 000	1 545 443
Balance previously stated		1 678 357
Correction of Error - Note 32.7		(132 914)
Total Finance Costs	1 516 966	1 590 953
26. TRANSFERS AND SUBSIDIES		
Capital	140 031	91 875
Allocations In-kind	122 031	91 875
Households	122 031	91 875
Operational	566 414	214 992
Allocations In-kind	29 900	51 992
Households	29 900	51 992
Monetary Allocations	536 514	163 000
Departmental Agencies and Accounts	100 000	100 000
Households	14 850	-
Non-profit Institutions	150 000	-
Namakwa Sports Council	200 000	-
Unspecified	71 664	63 000
Total Transfers and Subsidies	706 445	306 867

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
27. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	321 054	101 990
Assets less than the Capitalisation Threshold	3 626	4 839
Audit Fees	2 166 002	2 121 598
Bank Charges, Facility and Card Fees	44 499	49 235
Bursaries (Employees)	63 000	45 900
Courier and Delivery Services	391	2 673
Communication	356 016	353 275
Deeds	221	-
Entertainment	16 173	10 000
External Computer Service	539 976	551 273
Insurance Underwriting	401 277	460 976
Licences	17 308	20 648
Municipal Services	925 275	1 021 499
Printing, Publications and Books	128 259	119 219
Professional Bodies, Membership and Subscription	370 984	500 000
Registration Fees	-	41 859
Skills Development Fund Levy	292 709	285 441
Transport Provided as Part of Departmental Activities	61 043	10 664
Travel and Subsistence	2 322 192	3 496 163
Uniform and Protective Clothing	-	5 599
Wet Fuel	670 562	794 492
Inventory consumed - Consumables	145 737	263 171
Inventory consumed - Materials and Supplies	143 639	464 409
Total Operational Costs	8 989 944	10 724 922
28. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 5	64 517	65 032
Receivables from Non-exchange Revenue - Note 6	52 442	34 938
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	116 959	99 970
29. GAINS/(LOSS) ON SALE OF FIXED ASSETS		
Intangible Assets	1	-
Property, Plant and Equipment	(1 595)	(375 311)
Total Gains/ (Loss) on Sale of Fixed Assets	(1 594)	(375 311)
30. REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON FIXED ASSETS		
Intangible Assets	-	(3 077)
Property, Plant and Equipment	(11 017)	(28 276)
Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets	(11 017)	(31 353)
31. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA		

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. New mSCOA Charts are issued annually, resulting into an annual reclassification of items in the financial statements. Changes in the current mSCOA charts for 2020/21 financial year did not result in any reclassifications of 2020 balances previously reported.

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

32. 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:

	2021 R	2020 R
32.1 Property, Plant and Equipment		
Balance previously reported	-	7 074 631
Cost	-	28 644
Assets not recognised in periods before 1 July 2019 - Note 2	-	28 644
Accumulated Depreciation	-	(9 070)
Depreciation not recognised in periods before 1 July 2019 - Note 2	-	(3 341)
Depreciation not recognised in 2019/2020 - Note 2	-	(5 729)
Restated Balance	-	7 094 205

Assets recognised incorrectly in previous year.

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R		
32.2 Receivables from Non-Exchange Transactions				
Balance previously reported	-	4 828 717		
Sundry Receivables not recognised in periods before 1 July 2019 - Note 6	-	204		
Operational revenue recognised incorrectly in 2019/2020 - Note 6	-	(13 508)		
Restated Balance	<u>-</u>	<u>4 815 413</u>		
Recovered amounts of Medical Aid Contributions not recognised in prior years and Operational Revenue recognised incorrectly in prior year				
32.3 Non-Current Employee Benefits				
Balance previously reported	-	17 896 000		
Correction of post-employment medical care benefits in periods before 1 July 2019 - Note 9	-	(1 474 970)		
Correction of current service cost in 2019/2020 - Note 9	-	(11 253)		
Correction of interest cost in 2019/2020 - Note 9	-	(132 914)		
Correction of actuarial gains in 2019/2020 - Note 9	-	904 137		
Correction of current portion in 2019/2020 - Note 9	-	10 000		
Restated Balance	<u>-</u>	<u>17 191 000</u>		
Correction of post-employment medical care benefits as a result of incorrect application of policy on maximum subsidy				
32.4 Current Employee Benefits				
Balance previously reported		4 334 935		
Correction of current portion of post-employment medical care benefits in 2019/2020 - Note 11		(10 000)		
Restated Balance	<u>-</u>	<u>4 324 935</u>		
Correction of current portion of post-employment medical care benefits as a result of incorrect application of policy on maximum subsidy				
32.5 Trade and Other Payables from Exchange Transactions				
Balance previously reported	-	2 646 154		
Payables recognised incorrectly in 2019/2020 - Note 12	-	(7 156)		
Restated Balance	<u>-</u>	<u>2 638 998</u>		
Creditors recognised incorrectly in previous years.				
32.6 Accumulated Surplus/(Deficit) - 1 July 2019				
Correction of post-employment medical care benefits in periods before 1 July 2019 - Note 32.3	-	1 474 970		
Sundry Receivables not recognised in periods before 1 July 2019 - Note 32.2	-	204		
Assets not recognised in period before 1 July 2019 - Note 32.1	-	28 644		
Depreciation not recognised in periods before 1 July 2019 - Note 32.1	-	(3 341)		
Total	<u>-</u>	<u>1 500 478</u>		
32.7 Changes to Statement of Financial Performance				
Movement on operating account as a result of GRAP standards not implemented in prior years:				
	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Government Grants and Subsidies		56 929 809	-	56 929 809
Contributed Property, Plant and Equipment		-	-	-
Rental from Fixed Assets		1 006 430	-	1 006 430
Interest Earned - External Investments		934 429	-	934 429
Interest Earned - Exchange Transactions		75 687	-	75 687
Agency Services		-	-	-
Operational Revenue	32.2	10 147 866	(13 508)	10 134 358
Total		<u>71 636 725</u>	<u>(917 645)</u>	<u>70 719 080</u>
Expenditure				
Employee related costs	32.3 & 32.5	(36 407 932)	13 329	(36 394 603)
Remuneration of Councillors		(3 202 134)	-	(3 202 134)
Contracted Services	32.5	(16 057 277)	5 080	(16 052 197)
Depreciation and Amortisation	32.1	(1 596 279)	(5 729)	(1 602 008)
Actuarial Losses		(23 239)	-	(23 239)
Finance Costs	32.4	(1 723 867)	132 914	(1 590 953)
Transfers and Subsidies		(306 867)	-	(306 867)
Operational Costs		(10 724 922)	-	(10 724 922)
Total		<u>(70 063 887)</u>	<u>145 594</u>	<u>(69 918 293)</u>
Gains and Losses				
Reversal of Impairment Loss/(Impairment Loss) on Receivables		99 970	-	99 970
Gains/(Loss) on Sale of Fixed Assets		(375 311)	-	(375 311)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(31 353)	-	(31 353)
Total		<u>(306 694)</u>	<u>-</u>	<u>(306 694)</u>
Net Surplus/(Deficit) for the year		<u>1 266 143</u>	<u>(772 051)</u>	<u>494 093</u>

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
33. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	(3 368 480)	494 093
Adjustments for:		
Depreciation and Amortisation	1 573 777	1 602 006
Loss/(Gain) on Sale of Fixed Assets	1 594	375 311
Impairment Loss/(Reversal of Impairment Loss)	11 017	31 353
Government Grants and Subsidies received	58 809 121	56 250 742
Government Grants and Subsidies recognised as revenue	(59 226 119)	(56 929 809)
Contribution from/to provisions - Non-Current Employee Benefits	536 534	619 605
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	147 709	23 239
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	2 454 757	(2 542 504)
Contribution from/to - Current Employee Benefits	94 868	334 409
Reversal of Provision for Bad Debt	(116 959)	(99 970)
Operating Surplus/(Deficit) before changes in working capital	917 818	158 475
Changes in working capital	958 713	(3 127 450)
Increase/(Decrease) in Trade and Other Payables	194 037	(95 938)
Increase/(Decrease) in Taxes	(44 977)	119 747
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(32 973)	(152 562)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	842 626	(2 998 697)
Cash generated/(absorbed) by operations	1 876 531	(2 968 975)
34. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 7	141 909	674 204
Call Deposits and Investments - Note 7	4 669 002	3 513 603
Cash Floats - Note 7	500	500
Total cash and cash equivalents	4 811 411	4 188 307
35. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 34	4 811 411	4 188 307
Less:	(514 322)	(931 321)
Unspent Transfers and Subsidies - Note 13	(514 322)	(931 321)
Net cash resources available for internal distribution	4 297 089	3 256 986
Allocated to:		
Capital Replacement Reserve	(64 781)	(96 745)
Resources available for working capital requirements	4 232 307	3 160 241
36. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 8	164 762	233 635
Used to finance property, plant and equipment - at cost	(164 762)	(233 635)
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

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

37. BUDGET INFORMATION

37.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the Covid-19 pandemic on revenue, increase in consumer debtors, reprioritising of operating and capital projects.

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

37.2 Statement of Financial Position

37.2.1 Current Assets

Cash

Decrease in Cash due to budgeting for deficits and budgeting for all cash under cash section.

Call Investment Deposits

Increase in Call Investment Deposits due to the budgeting for all cash under cash section.

Consumer Debtors

Increase in Consumer Debtors due to the outstanding VAT 201 for June 2021 still to be received from the South African Revenue Service as well as the recovering of outstanding from Department Agriculture, Forestry and Fisheries did not realise during the year.

37.2.2 Non-Current Assets

Investment Property

Increase due to the transfer of properties from Property, Plant and Equipment to Investment Property

Property, Plant and Equipment

Decrease due to the capital expenditure less than budgeted for the upgrade of the financial system.

Intangible Assets

Increase due to a new SQL server license purchased during the current year.

37.2.3 Current Liabilities

Borrowing

New finance leases were entered into in the current year.

Consumer Deposits

Increase due to new rental deposits.

Trade and Other Payables

Increase in payables due to outstanding amounts in relation to Department Agriculture, Forestry and Fisheries.

Provisions

Increase in provision for staff leave and increase in the provision of post retirement benefits.

37.2.4 Non-Current Liabilities

Borrowing

New finance leases were entered into in the current year.

37.2.5 Net Assets

Accumulated Surplus/(Deficit)

Decrease due to actual operating deficits.

Reserves

Increase due to capital budget funded out of Capital Replacement Reserve.

Statement of Financial Performance

37.2.6 Revenue

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Interest Earned - External Investments

Decrease due to withdrawal of capital to fund operating deficit. Covid-19 had a significant impact on interest rates.

Other Revenue

Decrease due to Work for Water projects not realised during the year.

37.2.7 Expenditure

Debt Impairment

Reversal of debt impairment as a result of recovering outstanding amounts.

Depreciation and Asset Impairment

Additional depreciation as a result of review of useful lives and acquisition of new assets.

Finance Charges

Increase due to post-retirement interest cost budgeted under employed related costs as per National Treasury.

Other Materials

Decrease due to expenditure classified as operational cost for financial statement purposes

Contracted Services

Decrease due to the delayed implementation of functions on behalf of provincial departments.

Transfers and Grants

Increase due to reclassification of priorities.

Loss on Disposal of PPE

Increase due to write-off of assets

Cash Flow Statement

37.2.8 Net Cash from Operating Activities

Receipts

Variances due to decrease in functions performed on behalf of Provincial Departments, increase in cash and cash equivalents and reprioritising of projects. Interest rates also significantly decreased as a result of Covid-19.

Payments

Decrease due to reprioritising of projects and budget monitoring.

37.2.9 Net Cash from Investing Activities

Capital Assets

Decrease due to the capital expenditure less than budgeted for the upgrade of the financial system.

37.2.10 Net Cash from Financing Activities

Increase/(Decrease) in Consumer Deposits

Increase due to new rental deposits.

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
38. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
38.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	1 929 655	1 929 655
Correction of prior period error	-	-
Restated opening balance	1 929 655	1 929 655
Unauthorised expenditure current year - operational	6 294 398	-
Unauthorised expenditure current year - capital	-	-
Approved by Council on 31 May 2021	(1 929 655)	-
Current	-	-
Prior Period	(1 929 655)	-
Transfer to receivables for recovery	-	-
Current	-	-
Prior Period	-	-
Unauthorised expenditure awaiting authorisation	6 294 398	1 929 655

Unauthorised expenditure can be summarised as follows:

Incident	Disciplinary steps/criminal proceedings		
Employee related cost (Actuarial Valuations) which resulted in actuarial losses - 2018/19	None	-	1 184 250
Acquisition of printers and tablets under finance leases - 2018/19	None	-	330 894
Over expenditure of approved budget - 2018/19	None	-	414 511
Over expenditure of approved budget - 2020/21	None	6 294 398	
		6 294 398	1 929 655

The over expenditure incurred by municipal departments on their operating budgets during the year is attributable to the following categories:

Non-cash	6 294 398	-
Cash	-	-
	6 294 398	-

Analysed as follows: Non-cash

Reversal of debt impairment not realised	6 053 261	-
Actuarial losses from post-employment medical care benefits	201 664	-
Depreciation under budgeted for	39 473	-
	6 294 398	-

The overspending of the Budget per municipal vote can be summarised as follows:

	2021 Actual R	2021 Final Budget R	2021 Variance R	2021 Unauthorised R
Unauthorised expenditure current year - operating				
Vote 1 - Municipal Manager	20 201 245	21 752 296	(1 551 051)	-
Vote 2 - Manager: Corporate Services	18 295 702	18 094 038	201 664	201 664
Vote 3 - Manager: Economic Development	11 623 355	15 278 069	(3 654 714)	-
Vote 4 - Manager: Environmental Health	10 715 365	10 675 892	39 473	39 473
Vote 5 - Manager: Finance	6 534 010	480 749	6 053 261	6 053 261
Vote 6 - Manager: Roads	-	919 587	(919 587)	-
	67 369 677	67 200 631	169 046	6 294 398

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 Actual R	2021 Final Budget R	2021 Variance R	2021 Unauthorised R
Unauthorised expenditure current year - capital				
Vote 1 - Municipal Manager	22 483	30 000	(7 517)	-
Vote 2 - Manager: Corporate Services	397 714	437 800	(40 086)	-
Vote 3 - Manager: Economic Development	-	-	-	-
Vote 4 - Manager: Environmental Health	5 392	175 350	(169 958)	-
Vote 5 - Manager: Finance	669 229	947 500	(278 271)	-
Vote 6 - Manager: Roads	-	-	-	-
	<u>1 094 818</u>	<u>1 590 650</u>	<u>(495 832)</u>	<u>-</u>
			2021 R	2020 R

38.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance		19 846	5 670
Correction of prior period error			(800)
Restated opening balance		19 846	4 870
Fruitless and wasteful expenditure current year		8 305	15 626
Recovered from individual		-	(650)
Condoned or written off by Council on 30 August 2021		(8 086)	-
Current		-	-
Prior Period		(8 086)	-
Transfer to receivables for recovery - not condoned		-	-
Current		-	-
Prior Period		-	-
Fruitless and wasteful expenditure awaiting condonement		<u>20 065</u>	<u>19 846</u>

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Early checkout from Guesthouse for which accommodation was already paid - 2018/19	None	-	950
Extra night accommodation paid for Councillor not for official duties - 2018/19	None	-	600
Double booking for accommodation on same dates and same accommodation - 2018/19	None	-	3 320
Due to announcement of lockdown during COVID-19 pandemic, all travel arrangements terminated and only partial travel claim amount recovered from Councillor- 19/20	None	-	3 216
Accommodation booked but due to unforeseen circumstances, Councillor returned back to head office - 2019/20	None	11 760	11 760
Workshop cancelled due to raise in Covid-19 cases - 2020/21	None	2 100	-
Workshop cancelled on short notice - 2020/21	None	2 240	-
Towing service call out to perform service but unavailability due to miscommunication - 2020/21	None	3 965	-
		<u>20 065</u>	<u>19 846</u>

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
38.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	4 330 853	4 003 020
Correction of prior period error	-	(9 289)
Restated opening balance	4 330 853	3 993 731
Irregular expenditure current year	132 431	337 122
Expenditure authorised i.t.o. Section 32 of MFMA by Council on 31 May 2021 and August 2021	(4 330 853)	-
Current	-	-
Prior Period	(4 330 853)	-
Condonement supported by council		
Current	-	-
Prior Period	-	-
Transfer to receivables for recovery - not condoned		
Current	-	-
Prior Period	-	-
Irregular expenditure awaiting further action	<u>132 431</u>	<u>4 330 853</u>

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Deviations from the Supply Chain regulations - 3 Quotations not obtained - 2018/19	None	-	203 759
Bid Ajudication Committee composition not in line with SCM regulations - 2018/19	None	-	1 558 771
Non Compliance with SCM Regulations on quotations - 2018/19	None		180 775
Bid Ajudication Committee composition not in line with SCM regulations - 2018/19	None		1 554 290
Financial assistance awarded without following SCM Regulations - 2018/19	None		328 020
Supplier not registered on Central Supplier Database (CSD) - 2018/19 and 2019/20	None		357 543
Non Compliance with SCM Regulations on quotations - Regulation 43(1) - 2018/19 and 2019/20	None		59 723
Non Compliance with SCM Regulations on quotations - Regulation 44(a) - 2019/20	None		14 727
Section 32 contracts ended but services still rendered and paid to service providers	None		73 245
Supplier not registered on Central Supplier Database (CSD) - 2020/21	None	20 482	-
Section 32 contracts ended but services still rendered and paid to service providers - 2020/21	None	80 134	-
Non Compliance with SCM Regulations on quotations - Regulation 44(a) - 2020/21	None	13 815	-
Non Compliance with SCM Regulations on quotations - Regulation 43(1) - 2020/21	None	18 000	-
		<u>132 431</u>	<u>4 330 853</u>

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

39. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

Opening balance	-	-
Council subscriptions	370 984	500 000
Amount paid - current year	(370 984)	(500 000)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
39.2 Audit fees - [MFMA 125 (1)(c)]		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year audit fee	2 166 002	2 121 598
External Audit - Auditor-General	2 166 002	2 121 598
Internal Audit	-	-
Audit Committee	-	-
Amount paid - current year	(2 166 002)	(2 121 598)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
39.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	258 010	330 578
Correction of prior period error	-	-
Restated opening balance	258 010	330 578
Amounts received - previous year	-	-
Amounts received - current year	(1 481 692)	(1 606 919)
Amount claimed - current year	1 488 289	1 534 351
Amount claimed - previous year	-	-
Closing balance	264 607	258 010
<p>VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.</p>		
39.4 PAYE and UIF - [MFMA 125 (1)(c)]		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions	6 813 787	6 505 129
Amount paid - current year	(6 813 787)	(6 505 129)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
39.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions and Council Contributions	11 194 792	10 516 244
Amount paid - current year	(11 194 792)	(10 516 244)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

	2021 R	2020 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2020: 1%) Increase in interest rates	46 461	39 542
1% (2020: 1%) Decrease in interest rates	(46 461)	(39 542)

(d) Credit Risk

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

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

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

All rates and services are payable within 30 days from invoice date. Refer to note 5 and 6 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	2021 %	2021 R	2020 %	2020 R
Property Rentals	7.17%	1 089 563	7.02%	1 129 246
Other	92.83%	14 115 686	92.98%	14 958 313
	<u>100.00%</u>	<u>15 205 249</u>	<u>100.00%</u>	<u>16 087 559</u>

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 5 and 6 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

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

	2021 %	2021 R	2020 %	2020 R
Other	96.01%	13 583 465	95.59%	13 635 907
Property Rentals	3.99%	564 727	4.41%	629 244
	<u>100.00%</u>	<u>14 148 192</u>	<u>100.00%</u>	<u>14 265 152</u>

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

	2021 %	2021 R	2020 %	2020 R
Government	93.23%	13 190 465	92.68%	13 221 227
Industrial	2.78%	393 000	2.91%	414 681
Residential	3.99%	564 727	4.41%	629 244
	<u>100.00%</u>	<u>14 148 192</u>	<u>100.00%</u>	<u>14 265 152</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

<u>Ageing of amounts past due but not impaired are as follow:</u>	Exchange Receivables	Non-exchange Receivables
2021		
1 month past due	64 524	249 572
2+ months past due	295 203	4 266 423
	359 727	4 515 994
2020		
1 month past due	64 524	249 572
2+ months past due	359 721	4 318 865
	424 245	4 568 436

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 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.

	2021 R	2020 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	1 197 765	1 164 792
Receivables from non-exchange transactions	17 608 694	18 451 321
Cash and Cash Equivalents	4 810 911	4 187 807
	23 617 370	23 803 919

(e) Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2021				
Long-term Liabilities	134 379	50 734	-	-
Trade and Other Payables	2 833 035	-	-	-
	2 967 414	50 734	-	-
2020				
Long-term Liabilities	171 793	98 567	-	-
Trade and Other Payables	2 638 998	-	-	-
	2 810 792	98 567	-	-

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

41. FINANCIAL INSTRUMENTS

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

41.1 <u>Financial Assets</u>	<u>Classification</u>	2021 R	2020 R
Receivables from Exchange Transactions			
Property Rentals	Financial Instruments at amortised cost	1 089 563	1 129 246
Other Arrears	Financial Instruments at amortised cost	-	-
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	141 909	674 204
Call Deposits	Financial Instruments at amortised cost	4 669 002	3 513 603
Total Financial Assets		5 900 474	5 317 053
SUMMARY OF FINANCIAL ASSETS			
Financial Instruments at amortised cost:			
Receivables from Exchange Transactions	Property Rentals	1 089 563	1 129 246
Receivables from Exchange Transactions	Other Arrears	-	-
Cash and Cash Equivalents	Bank Balances	141 909	674 204
Cash and Cash Equivalents	Call Deposits	4 669 002	3 513 603
		5 900 474	5 317 053
Total Financial Assets		5 900 474	5 317 053
41.2 <u>Financial Liabilities</u>			
<u>Classification</u>			
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	164 762	233 635
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	510 483	398 506
Advance Payments	Financial Instruments at amortised cost	48 209	37 769
Department of Environmental affairs - Work for Water	Financial Instruments at amortised cost	2 525	2 525
Other Payables	Financial Instruments at amortised cost	2 271 818	2 200 198
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	-	-
		2 997 797	2 872 633
SUMMARY OF FINANCIAL LIABILITIES			
Financial instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	164 762	233 635
Trade and Other Payables	Trade Payables	510 483	398 506
Trade and Other Payables	Advance Payments	48 209	37 769
Trade and Other Payables	Control, Clearing and Interface Accounts	2 525	2 525
Trade and Other Payables	Other Payables	2 271 818	2 200 198
		2 997 797	2 872 633

42. STATUTORY RECEIVABLES

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

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
Taxes		
VAT Receivable	264 607	258 010
Total Statutory Receivables (before provision)	264 607	258 010
Less: Provision for Debt Impairment	-	-
Total Statutory Receivables (after provision)	264 607	258 010

Statutory Receivables arises from the following legislation:

Taxes - Value Added Tax Act (No 89 of 1991)

Statutory receivables are initially measured at transaction value, and subsequently at cost.

Interest Received from Statutory Receivables

Taxes	-	-
	-	-

43. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

44. CONTINGENT LIABILITY

The municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

45. RELATED PARTIES

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

45.1 Compensation of key management personnel

The compensation of key management personnel is set out in note 21 to the Annual Financial Statements.

45.2 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	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid
CJ Fortuin	Municipal Manager	74 558	25 888	73 509
R Datadin	Chief Financial Officer	82 307	29 342	13 610
GE Cloete	Head: Corporate and Municipal Health Services	25 801	28 350	40 597
JT Loubser	Head: Economic Development and Planning	134 285	44 154	39 193
HW Niehaus	Head: Municipal Support Unit	11 520	12 500	16 282
		328 471	140 234	183 192

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid
CJ Fortuin	Municipal Manager	56 451	25 888	153 018
R Datadin	Chief Financial Officer	63 776	27 592	21 182
GE Cloete	Head: Corporate and Municipal Health Services	16 584	26 658	36 917
JT Loubser	Head: Economic Development and Planning	160 581	41 557	94 607
		297 391	121 695	305 723
			2021 R	2020 R

45.3 Other related party transactions

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

Company Name	Related Party	Service Capacity	Relationship		
Afren Power Projects (Pty) Ltd	C Jantjies	Accountant	Wife	-	3 086
GPJ Solar Electric (Pty) Ltd	C Jantjies	Accountant	Wife	33 820	2 930
				33 820	6 016

46. FINANCIAL SUSTAINABILITY

Financial Indicators

We draw attention to the fact that, as at 30 June 2021, several factors exist that might influence the ability of the municipality to continue as a going concern.

These factors include:

- The non-current employee benefit liability is not cashed back;
- The provision for impairment of receivables is high at R 14 148 191 (2020: R14 265 151) whereby the majority of impairment is due to debts owed by government departments;
- The Municipality's total liabilities exceed its total assets by R 11 650 380 (2020: R8 281 900);
- The Municipality incurred a net deficit for the year under review of R 3 368 480 (R2020: R 494 093 - net surplus);
- The accumulated deficit is R 11 715 161 (2019: R8 378 645);
- The Municipality had positive cashflows of R 623 104 (2020: Negative R3 349 190).

Even though the above uncertainties exist regarding the municipality's ability to continue as a going concern, the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors, most significant of these being the ability to procure funding for the ongoing operations of the municipality.

Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the budget. The cash management processes is complemented by regular reporting, highlighting the actual cash position.

The cost containment circular issued by National Treasury has been adopted by Council and is currently implemented in the municipality.

The municipality has budgeted for positive cash flows of R 3 996 000 for the 2021/22 financial year.

Business plans / proposals have been compiled by management to obtain funds from external parties to increase our revenue resources in order to fund the operations and to render municipal support services on a shared services basis to the local municipalities in the district.

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Innovative strategic management is deployed to better the financial health of the Namakwa District Municipality in the long term.

Political intervention and strategic direction is given to the municipal administration by the Executive Mayor of the municipality to sustain the financial health of the municipality.

The fair value of Land and Buildings exceeds their carrying value amount with R18 243 728 (2020: R17 932 857).

As the municipality will continue to receive funding from government, as is evident from the Equitable Share allocations as published in the Division of Revenue Act and the fact that the Medium Term Revenue and Expenditure Framework (MTREF) for the 2021/22, 2022/23 and 2023/24 financial years are funded and approved by the Council, the municipality is of the opinion that it will be able to continue as a going concern in the foreseeable future.

COVID-19 - 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 a result of the robust financial model applied by the municipality however, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so.

The below illustrates how these regulations had impacted the current year financial results of the

Current Assets: *No significant impact as non-payment of receivables existed before the start of the disaster*

Interest received: *There was a decrease in interest rates which results in less interest earned on investments*

Grants Received: *The municipality received extra equitable share allocations in order to assist communities in need to the value of R 596 000.*

Expenses: *The municipality through a special adjustment budgeted for expenditure in order to assist in the combating of Covid-19.*

The summary below indicates the total Covid-19 response expenditure for the period ending 30 June 2021.

<u>Nature of expenditure</u>	2021 R	2020 R
<i>Employee related costs including overtime and standby allowance</i>	-	58 997
<i>Travel and subsistence</i>	65 442	148 690
<i>Personal Protective Equipment</i>	18 823	69 444
<i>Sanitation of Office Buildings and other public areas</i>	-	97 654
<i>Costs of screening and testing</i>	-	35 000
<i>Community awareness regarding Covid-19</i>	-	16 091
<i>Biohazard bags provided to funeral parlours</i>	-	15 304
<i>Sanitising materials</i>	19 383	53 694
	103 647	494 873

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
The Covid-19 response expenditure is funded from the following sources:		
Own Revenue	103 647	346 234
Grant Funding	-	148 639
	<u>103 647</u>	<u>494 873</u>

47. **EVENTS AFTER REPORTING PERIOD**

Covid-19

Within the municipal environment, the effects of COVID-19 is 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 current reporting period.

48. **ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT**

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

**APPENDIX A
NAMAKWA 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
LEASE LIABILITY								
Office Equipment and Tablets		NDM006-460818	31/01/2022	233 635	-	85 672	(154 545)	164 762
Total Lease Liabilities				233 635	-	85 672	(154 545)	164 762
TOTAL EXTERNAL LOANS				233 635	-	85 672	(154 545)	164 762

Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
151 270	-
151 270	-
151 270	-

APPENDIX B
NAMAKWA DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
			Governance and Administration			
12 415 866	(19 041 519)	(6 625 654)	Executive and council	13 325 495	(19 262 313)	(5 936 819)
50 838 858	(24 521 360)	26 317 498	Finance and administration	47 690 796	(25 230 507)	22 460 288
-	(1 006 070)	(1 006 070)	Internal audit	-	(938 932)	(938 932)
			Community and Public Safety			
-	-	-	Community and social services	-	-	-
-	-	-	Sport and recreation	-	-	-
418 077	(5 587 480)	(5 169 403)	Public safety	150 456	(5 317 996)	(5 167 540)
-	-	-	Housing	-	-	-
-	(5 084 992)	(5 084 992)	Health	-	(5 397 370)	(5 397 370)
			Economic and Environmental Services			
3 794 970	(8 478 323)	(4 683 353)	Planning and development	3 235 247	(7 897 931)	(4 662 684)
-	-	-	Road transport	-	-	-
4 155 446	(5 656 351)	(1 500 905)	Environmental protection	-	(1 826 513)	(1 826 513)
			Trading Services			
-	-	-	Energy sources	-	-	-
-	-	-	Water management	-	-	-
-	-	-	Waste water management	-	-	-
-	-	-	Waste management	-	-	-
-	(1 753 029)	(1 753 029)	Other	-	(1 898 911)	(1 898 911)
71 623 217	(71 129 124)	494 093	Sub Total	64 401 993	(67 770 472)	(3 368 480)
-	-	-	Less Inter-Departmental Charges	-	-	-
71 623 217	(71 129 124)	494 093	Total	64 401 993	(67 770 472)	(3 368 480)

APPENDIX C
NAMAKWA DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021
MUNICIPAL VOTES CLASSIFICATIONS

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
			Municipal Manager			
-	(3 214 933)	(3 214 933)	Council: Councillors	-	(3 101 690)	(3 101 690)
4 663 570	(6 205 178)	(1 541 608)	Council Expenditure	4 180 439	(5 830 122)	(1 649 683)
-	(871 589)	(871 589)	Executive Mayor	408 124	(1 102 441)	(694 318)
-	(1 091 108)	(1 091 108)	Internal Audit and Audit Committee	-	(1 014 853)	(1 014 853)
793 296	(2 339 953)	(1 546 657)	Mayor - PA	715 932	(2 581 519)	(1 865 588)
-	(1 657 478)	(1 657 478)	Municipal Manager	-	(1 521 941)	(1 521 941)
-	(3 263 417)	(3 263 417)	Municipal Manager - Admin	-	(3 574 953)	(3 574 953)
-	-	-	Housing	-	-	-
-	(315 515)	(315 515)	Speaker	-	(504 434)	(504 434)
-	(1 088 419)	(1 088 419)	Speaker - PA	-	(969 291)	(969 291)
			Manager: Corporate Services			
4 692 063	(11 299 255)	(6 607 192)	Adminstration	3 064 236	(9 989 163)	(6 924 927)
2 542 504	(3 063 896)	(521 392)	Human Resources	-	(4 614 868)	(4 614 868)
1 006 430	(1 666 298)	(659 868)	Council Buildings	1 134 424	(1 658 361)	(523 937)
-	(1 863 733)	(1 863 733)	Council Vehicles	-	(2 033 309)	(2 033 309)
6 959 000	-	6 959 000	Equitable Share - Admin	8 021 000	-	8 021 000
-	-	-	Equitable Share - Electricity	-	-	-
-	-	-	Equitable Share - Sanitation	-	-	-
-	-	-	Equitable Share - Water	-	-	-
-	-	-	Operational and Maintenance	-	-	-
			Manager: Economic Development			
-	(983 765)	(983 765)	Economic Development	-	(1 057 174)	(1 057 174)
-	-	-	Fish Factory	-	-	-
-	-	-	Harbour	-	-	-
-	-	-	Project Manager SLP	-	-	-
-	(1 753 029)	(1 753 029)	Tourism	-	(1 898 911)	(1 898 911)
4 155 446	(5 656 351)	(1 500 905)	Working for Water	-	(1 826 513)	(1 826 513)
-	(1 503 405)	(1 503 405)	Planning	-	(1 704 138)	(1 704 138)
-	(2 067 782)	(2 067 782)	Council Projects	-	(2 077 946)	(2 077 946)
3 794 970	(3 923 371)	(128 401)	Project Management	3 235 247	(3 058 672)	176 575
			Manager: Environmental Health			
-	-	-	Ambulance	-	-	-
-	(5 038 104)	(5 038 104)	Environmental Health	-	(5 347 692)	(5 347 692)
-	-	-	Law Enforcement	-	-	-
-	(46 889)	(46 889)	Primary Health	-	(49 678)	(49 678)
418 077	(5 587 480)	(5 169 403)	Safety	150 456	(5 317 996)	(5 167 540)
			Manager: Finance			
42 597 861	(6 628 178)	35 969 683	Finance	43 492 136	(6 534 010)	36 958 126
			Manager: Roads			
-	-	-	Plant and Equipment	-	-	-
-	-	-	Roads	-	-	-
			Manager: Municipal Support Unit			
-	-	-	Municipal Support Unit	-	(400 796)	(400 796)
71 623 217	(71 129 124)	494 093	Sub Total	64 401 993	(67 770 472)	(3 368 480)
-	-	-	Less Inter-Departmental Charges	-	-	-
71 623 217	(71 129 124)	494 093	Total	64 401 993	(67 770 472)	(3 368 480)

**APPENDIX D
NAMAKWA DISTRICT MUNICIPALITY**

**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2021
MUNICIPAL VOTES CLASSIFICATIONS**

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Correction of Error	Additions	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Executive Mayor	78 506	-	-	-	-	78 506	66 874	-	4 242	-	-	71 116	7 390
Mayor - P.A	132 238	-	-	-	(7 366)	124 872	106 255	-	6 743	-	(3 068)	109 930	14 942
Speaker	49 229	-	-	-	(15 035)	34 194	48 378	-	248	-	(15 034)	33 591	603
Speaker - P.A	33 439	-	13 024	-	(219)	46 243	32 608	-	279	-	(219)	32 668	13 575
Councillors	-	-	85 672	-	-	85 672	-	-	16 658	-	-	16 658	69 014
Audit committee	-	-	-	-	-	-	-	-	-	-	-	-	-
Council Administration	12 876 082	-	119 459	(110 000)	-	12 885 541	9 550 467	-	340 265	-	23	9 890 754	2 994 786
Municipal Manager	215 134	-	-	-	(9 167)	205 967	189 631	-	9 226	(104)	(9 148)	189 604	16 363
Municipal Manager - Administration	29 937	-	-	-	(14 296)	15 641	29 523	-	143	-	(14 293)	15 373	268
Equitable Share - Administration	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal Audit	57 502	-	-	-	(876)	56 626	43 496	-	4 286	(520)	(319)	46 943	9 683
Budget and Treasury	1 596 617	-	-	-	(42 878)	1 553 739	1 558 201	-	16 552	(113)	(42 747)	1 531 893	21 846
Finance	34 221	-	669 229	-	-	703 451	9 701	-	6 910	-	-	16 612	686 839
Asset Management	6 597	-	-	-	-	6 597	3 848	-	1 649	-	-	5 498	1 100
Household Services	624 177	-	241 460	-	(8 910)	856 727	513 198	-	52 416	(26)	(7 979)	557 610	299 118
Human Resources	154 215	-	-	-	(49 252)	104 963	151 175	-	1 050	-	(49 243)	102 982	1 982
Council Buildings	3 372 021	-	156 253	-	(26 060)	3 502 214	2 579 294	-	222 193	(51)	(25 778)	2 775 657	726 558
Council Vehicles	5 011 739	-	-	-	(193 186)	4 818 553	3 216 286	-	540 318	-	(191 603)	3 565 001	1 253 552
Corporate Services	1 504	-	-	-	-	1 504	401	-	301	-	-	702	802
Planning	696 117	-	-	-	(18 551)	677 566	633 258	-	25 105	-	(18 538)	639 824	37 742
Economic Development	90 952	-	-	-	(990)	89 962	84 679	-	2 548	(3)	(989)	86 235	3 726
Tourism	242 783	-	-	-	(6 736)	236 047	207 990	-	7 994	(49)	(6 656)	209 279	26 768
Work for Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Council Projects	233 724	28 644	-	-	(4 225)	258 143	229 695	5 729	1 608	9 070	(4 220)	241 881	16 262
Local Municipal Project Support	631 740	-	-	-	-	631 740	148 902	-	124 816	-	-	273 718	358 022
PMU	16 809	-	-	-	(1 623)	15 186	16 328	-	186	-	(1 622)	14 892	294
Safety	2 975 530	-	5 392	-	(135 397)	2 845 525	2 448 038	-	168 046	(2)	(130 735)	2 485 346	360 179
Environmental Health	190 895	-	-	-	(16 353)	174 542	157 730	-	9 959	-	(16 337)	151 352	23 190
	29 351 709	28 644	1 290 490	(110 000)	(551 121)	30 009 722	22 025 958	5 729	1 563 744	8 201	(538 510)	23 065 121	6 944 600

APPENDIX E
NAMAKWA 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	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2021	Unspent 30 June 2021 (Creditor)	Unpaid 30 June 2021 (Debtor)
National Government Grants											
Finance Management Grant	1 501	-	1 501	2 200 000	-	-	(1 526 018)	(673 449)	2 034	2 034	-
RSC Levies Replacement Grant	-	-	-	40 550 000	-	-	(40 550 000)	-	-	-	-
Equitable Share	-	-	-	8 021 000	-	-	(8 021 000)	-	-	-	-
Councillors Remuneration Grant	-	-	-	2 750 000	-	-	(2 750 000)	-	-	-	-
Expanded Public Works Program	28 214	-	28 214	1 000 000	-	(28 000)	(999 210)	-	1 004	1 004	-
Municipal System Improvement Grant	1 359	-	1 359	-	-	-	-	-	1 359	1 359	-
Rural Roads Asset Management Grant	2 614	-	2 614	2 928 000	-	-	(2 929 613)	-	1 001	1 001	-
Planning and Implementation Management System	2 255	-	2 255	-	-	-	-	-	2 255	2 255	-
Total National Government Grants	35 942	-	35 942	57 449 000	-	(28 000)	(56 775 840)	(673 449)	7 653	7 653	-
Provincial Government Grants											
Municipal Disaster Relief	361	-	361	-	-	-	-	-	361	361	-
Civil Defence Subsidy	396 006	-	396 006	-	-	-	(37 026)	(5 392)	353 588	353 588	-
Fire Equipment Grant	11 733	-	11 733	-	-	-	(10 382)	-	1 351	1 351	-
Integrated Development Planning	2 001	-	2 001	-	-	-	(1 229)	-	772	772	-
Komaggas Road	1	-	1	-	-	-	-	-	1	1	-
SA Projects	8	-	8	-	-	-	-	-	8	8	-
NC Housing	142 259	-	142 259	600 000	-	-	(715 932)	-	26 327	26 327	-
Khotso Pula Nala	331 631	-	331 631	-	-	-	(305 634)	-	25 996	25 996	-
Electronic Filing System	4 798	-	4 798	-	-	-	-	-	4 798	4 798	-
Total Provincial Government Grants	888 795	-	888 795	600 000	-	-	(1 070 203)	(5 392)	413 201	413 201	-
Other Grant Providers											
Training Reserve (SETA)	6 583	-	6 583	788 121	-	-	(701 235)	-	93 469	93 469	-
Total Other Grant Providers	6 583	-	6 583	788 121	-	-	(701 235)	-	93 469	93 469	-
Total Grants	931 321	-	931 321	58 837 121	-	(28 000)	(58 547 278)	(678 841)	514 322	514 322	-

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

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A1 Budget Summary

Description	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
R thousands												
Financial Performance												
Property rates	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Service charges	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Investment revenue	2 800	(775)	2 025	543		1 482	26.8%	19.4%				1 006
Transfers recognised - operational	62 112	993	63 105	58 547		4 558	92.8%	94.3%				-
Other own revenue	7 813	206	8 018	4 633		3 386	57.8%	59.3%				68 074
Total Revenue (excluding capital transfers and contributions)	72 725	423	73 149	63 723	-	9 425	87.1%	87.6%				69 081
Employee costs	42 562	649	43 210	41 776		1 434	96.7%	98.2%	-	-	-	34 756
Remuneration of councillors	3 418	119	3 538	3 597		(60)	101.7%	105.2%	-	-	-	3 202
Debt impairment	(8 783)	2 335	(6 448)	(117)		(6 331)	1.8%	1.3%	-	-	-	(100)
Depreciation & asset impairment	1 220	4	1 224	1 580		(355)	129.0%	129.5%	-	-	-	1 602
Finance charges	55	106	161	1 517		(1 356)	942.2%	2752.6%	-	-	-	1 591
Materials and bulk purchases	1 236	(852)	384	-		384	0.0%	0.0%	-	-	-	-
Transfers and grants	220	230	450	706		(257)	157.0%	321.1%	-	-	-	307
Other expenditure	24 857	434	25 292	18 594		6 698	73.5%	74.8%	-	-	-	27 228
Total Expenditure	64 785	3 025	67 811	67 654	-	157	99.8%	104.4%	-	-	-	68 587
Surplus/(Deficit)	7 940	(2 602)	5 338	(3 930)	-	9 268	-73.6%	-49.5%				494
Transfers recognised - capital	-	-	-	679		(679)	#DIV/0!	#DIV/0!				-
Contributions recognised - capital & contributed assets	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) after capital transfers & contributions	7 940	(2 602)	5 338	(3 252)	-	8 589	-60.9%	-41.0%				494
Share of surplus/ (deficit) of associate	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) for the year	7 940	(2 602)	5 338	(3 252)	-	8 589	-60.9%	-41.0%				494
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	900	175	1 075	5		1 070	0.5%	0.6%				73
Public contributions & donations	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Borrowing	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Internally generated funds	375	1 349	515	176		339	34.2%	47.0%				176
Total sources of capital funds	1 275	1 525	1 591	182	-	1 409	11.4%	14.2%				-
Cash flows												
Net cash from (used) operating	3 895	7 913	11 808	1 877		9 931	15.9%	48.2%				(2 969)
Net cash from (used) investing	(1 275)	(316)	(1 591)	(1 100)		(491)	69.2%	86.3%				(249)
Net cash from (used) financing	(131)	(10)	(141)	(153)		13	109.0%	117.3%				(131)
Cash/cash equivalents at the year end	14 527	(263)	14 265	4 811	-	9 453	33.7%	33.1%				-

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

Description	2020/21								2019/20			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	63 454	383	63 837	61 016		2 821	95.6%	96.2%				63 255
Executive and council	12 105	1 236	13 341	13 325		15	99.9%	110.1%				12 416
Finance and administration	51 349	(853)	50 496	47 691		2 806	94.4%	92.9%				50 839
Internal audit	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Community and public safety	375	20	395	150		244	38.1%	40.2%				418
Community and social services	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Sport and recreation	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Public safety	375	20	395	150		244	38.1%	40.2%				418
Housing	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Health	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Economic and environmental services	8 896	21	8 917	3 235		5 682	36.3%	36.4%				7 950
Planning and development	3 239	21	3 260	3 235		24	99.3%	99.9%				3 795
Road transport	920	-	920	-		920	0.0%	0.0%				-
Environmental protection	4 738	-	4 738	-		4 738	0.0%	0.0%				4 155
Trading services	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Electricity	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Water	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Waste water management	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Waste management	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Other	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Total Revenue - Standard	72 725	423	73 149	64 402		8 747	88.0%	88.6%				71 623

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

Description	2020/21								2019/20			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Expenditure - Standard												
Governance and administration	37 676	3 261	40 937	45 432	-	-	0.0%	0.0%	-	-	-	44 569
Executive and council	20 301	355	20 655	19 262	-	1 393	93.3%	94.9%	-	-	-	19 042
Finance and administration	15 919	3 266	19 185	25 231	-	(6 046)	131.5%	158.5%	-	-	-	24 521
Internal audit	1 457	(359)	1 097	939	-	158	85.6%	64.5%	-	-	-	1 006
Community and public safety	10 554	122	10 676	10 715	-	-	0.0%	0.0%	-	-	-	10 672
Community and social services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Sport and recreation	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Public safety	5 014	83	5 097	5 318	-	(221)	104.3%	106.1%	-	-	-	5 587
Housing	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Health	5 541	39	5 579	5 397	-	182	96.7%	97.4%	-	-	-	5 085
Economic and environmental services	14 512	(349)	14 163	9 724	-	-	0.0%	0.0%	-	-	-	14 135
Planning and development	8 855	(349)	8 506	7 898	-	608	92.9%	89.2%	-	-	-	8 478
Road transport	920	-	920	-	-	920	0.0%	0.0%	-	-	-	-
Environmental protection	4 738	-	4 738	1 827	-	2 911	38.6%	38.6%	-	-	-	5 656
Trading services	2 043	(8)	2 035	1 899	-	-	0.0%	0.0%	-	-	-	1 753
Electricity	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Water	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Waste water management	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Waste management	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Other	2 043	(8)	2 035	1 899	-	-	0.0%	0.0%	-	-	-	1 753
Total Expenditure - Standard	64 785	3 025	67 811	67 770	-	-	0.0%	0.0%	-	-	-	71 129
Surplus/(Deficit) for the year	7 940	(2 602)	5 338	(3 368)	-	-	0.0%	0.0%	-	-	-	494

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

Vote Description	2020/21								2019/20			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Municipal Manager	4 680	640	5 320	5 304		15	99.7%	113.3%				5 457
Vote 2 - Manager: Corporate Services	12 664	362	13 026	12 220		807	93.8%	96.5%				15 200
Vote 3 - Manager: Economic Development	7 977	21	7 997	3 235		4 762	40.5%	40.6%				7 950
Vote 4 - Manager: Environmental Health	375	20	395	150		244	38.1%	40.2%				418
Vote 5 - Manager: Finance	45 610	(769)	44 841	43 492		1 349	97.0%	95.4%				42 598
Vote 6 - Manager: Roads	920	-	920	-		-	-	-				-
Vote 7 - Manager: Municipal Support Unit	500	150	650	-		-	-	-				-
Total Revenue by Vote	72 225	273	72 499	64 402	-	7 177	88.8%	89.2%				71 623
Expenditure by Vote to be appropriated												
Vote 1 - Municipal Manager	21 757	(5)	21 752	20 201	(1 551)	1 551	92.9%	92.8%	-	-	-	20 048
Vote 2 - Manager: Corporate Services	17 402	692	18 094	18 296	202	(202)	101.1%	105.1%	-	-	-	17 893
Vote 3 - Manager: Economic Development	15 636	(358)	15 278	11 623	(3 655)	3 655	76.1%	74.3%	-	-	-	15 888
Vote 4 - Manager: Environmental Health	10 554	122	10 676	10 715	39	(39)	100.4%	101.5%	-	-	-	10 672
Vote 5 - Manager: Finance	(1 983)	2 464	481	6 534	6 053	(6 053)	1359.1%	-329.4%	-	-	-	6 628
Vote 6 - Manager: Roads	920	-	920	-	(920)	-	0.0%	0.0%	-	-	-	-
Vote 7 - Manager: Municipal Support Unit	500	110	610	401	(209)	-	0.0%	0.0%	-	-	-	-
Total Expenditure by Vote	64 285	3 025	67 811	67 770	-	40	99.9%	105.4%	-	-	-	71 129
Surplus/(Deficit) for the year	7 940	(2 752)	4 688	(3 368)		8 056	-71.9%	-42.4%				494

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	-	-	-	-	-	-	#DIV/0!	#DIV/0!				-
Service charges - electricity revenue	-	-	-	-	-	-	#DIV/0!	#DIV/0!				-
Service charges - water revenue	-	-	-	-	-	-	#DIV/0!	#DIV/0!				-
Service charges - sanitation revenue	-	-	-	-	-	-	#DIV/0!	#DIV/0!				-
Service charges - refuse revenue	-	-	-	-	-	-	#DIV/0!	#DIV/0!				-
Rental of facilities and equipment	1 185	-	1 185	1 134	-	50	95.8%	95.8%				1 006
Interest earned - external investments	2 800	(775)	2 025	543	-	1 482	26.8%	19.4%				934
Interest earned - outstanding debtors	60	6	66	67	-	(1)	102.2%	112.4%				76
Dividends received	-	-	-	-	-	-	#DIV/0!	#DIV/0!				-
Fines, penalties and forfeits	-	-	-	-	-	-	#DIV/0!	#DIV/0!				-
Licences and permits	-	-	-	-	-	-	#DIV/0!	#DIV/0!				-
Agency services	-	-	-	-	-	-	#DIV/0!	#DIV/0!				-
Transfers and subsidies	62 112	993	63 105	58 547	-	4 558	92.8%	94.3%				56 930
Other revenue	6 568	200	6 768	3 431	-	3 337	50.7%	52.2%				10 134
Gains on disposal of PPE	-	-	-	-	-	-	#DIV/0!	#DIV/0!				-
Total Revenue (excluding capital transfers and contributions)	72 725	423	73 149	63 723		9 425	87.1%	87.6%				69 081
Expenditure By Type												
Employee related costs	42 562	649	43 210	41 776	-	1 434	96.7%	98.2%				34 756
Remuneration of councillors	3 418	119	3 538	3 597	-	(60)	101.7%	105.2%				3 202
Debt impairment	(8 783)	2 335	(6 448)	(117)	-	(6 331)	1.8%	1.3%				(100)
Depreciation & asset impairment	1 220	4	1 224	1 580	-	(355)	129.0%	129.5%				1 602
Finance charges	55	106	161	1 517	-	(1 356)	942.2%	2752.6%				1 591
Bulk purchases	-	-	-	-	-	-	#DIV/0!	#DIV/0!				-
Other materials	1 236	(852)	384	-	-	384	0.0%	0.0%				-
Contracted services	13 717	550	14 267	9 696	-	4 571	68.0%	70.7%				16 052
Transfers and grants	220	230	450	706	-	(257)	157.0%	321.1%				307
Other expenditure	11 140	(116)	11 025	9 013	-	2 012	81.8%	80.9%				10 801
Loss on disposal of PPE	-	-	-	2	-	(2)	#DIV/0!	#DIV/0!				375
Total Expenditure	64 785	3 025	67 811	67 770		40	99.9%	104.6%				68 587

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Surplus/(Deficit)	7 940	(2 602)	5 338	(4 047)		9 385	-75.8%	-51.0%				494
Transfers recognised - capital	-	-	-	679		(679)	#DIV/0!	#DIV/0!				-
Contributions recognised - capital	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Contributed assets	-	-	-	-		-	#DIV/0!	#DIV/0!				-
	7 940	(2 602)	5 338	(3 368)		8 706	-63.1%	-42.4%				494
Surplus/(Deficit) after capital transfers & contributions												
Taxation	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) after taxation	7 940	(2 602)	5 338	(3 368)		8 706	-63.1%	-42.4%				494
Attributable to minorities	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) attributable to municipality	7 940	(2 602)	5 338	(3 368)		8 706	-63.1%	-42.4%				494
Share of surplus/ (deficit) of associate	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) for the year	7 940	(2 602)	5 338	(3 368)		8 706	-63.1%	-42.4%				494

NAMAKWA DISTRICT MUNICIPALITY - 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 - Vote												
Multi-year expenditure												
Vote 1 - Municipal Manager	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - Manager: Corporate Services	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 3 - Manager: Economic Development	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 4 - Manager: Environmental Health	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 5 - Manager: Finance	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 6 - Manager: Roads	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 7 - Manager: Municipal Support Unit	-	-	-	-	-	-	0%	0%	-	-	-	-
Capital multi-year expenditure	-	-	-	-	-	-	0%	0%	-	-	-	-
Single-year expenditure												
Vote 1 - Municipal Manager	4	26	30	22	-	8	75%	562%	-	-	-	105
Vote 2 - Manager: Corporate Services	371	67	438	398	-	40	91%	107%	-	-	-	58
Vote 3 - Manager: Economic Development	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 4 - Manager: Environmental Health	-	175	175	5	-	170	3%	#DIV/0!	-	-	-	73
Vote 5 - Manager: Finance	900	48	948	669	-	278	71%	74%	-	-	-	12
Vote 6 - Manager: Roads	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 7 - Manager: Municipal Support Unit	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Capital single-year expenditure	1 275	316	1 591	1 095	-	496	69%	86%	-	-	-	249
Total Capital Expenditure - Vote	1 275	316	1 591	1 095	-	496	69%	86%	-	-	-	249

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
Governance and administration	1 275	140	1 415	176	-	1 239	#DIV/0!	#DIV/0!	-	-	-	176
Executive and council	4	26	30	93	-	(63)	310%	2325%	-	-	-	93
Finance and administration	1 271	114	1 385	71	-	1 314	5%	6%	-	-	-	71
Internal audit	-	-	-	12	-	(12)	#DIV/0!	#DIV/0!	-	-	-	12
Community and public safety	-	175	175	5	-	170	#DIV/0!	#DIV/0!	-	-	-	73
Community and social services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Sport and recreation	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Public safety	-	175	175	5	-	170	3%	3%	-	-	-	73
Housing	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Health	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Economic and environmental services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Planning and development	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Road transport	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Environmental protection	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Trading services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Electricity	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Water	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Waste water management	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Waste management	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Other	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Total Capital Expenditure - Standard	1 275	316	1 591	182	-	1 409	#DIV/0!	#DIV/0!	-	-	-	249
Funded by:												
National Government	900	-	900	-	-	900	0%	0%	-	-	-	-
Provincial Government	-	175	175	5	-	170	3%	#DIV/0!	-	-	-	73
District Municipality	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Transfers recognised - capital	900	175	1 075	5	-	1 070	#DIV/0!	#DIV/0!	-	-	-	73
Public contributions & donations	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Borrowing	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Internally generated funds	375	1 349	515	176	-	339	34%	47%	-	-	-	176
Total Capital Funding	1 275	316	1 591	182	-	1 409	#DIV/0!	#DIV/0!	-	-	-	249

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A7 Budgeted Cash Flows

Description	2020/21							2019/20
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties and collection charges	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Service charges	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Other revenue	16 499	(2 135)	14 364	5 443	8 922	37.9%	33.0%	8 065
Government - operating	62 112	993	63 105	58 130	4 975	92.1%	93.6%	56 178
Government - capital	-	-	-	679	(679)	#DIV/0!	#DIV/0!	73
Interest	2 860	(769)	2 091	543	1 548	26.0%	19.0%	934
Dividends	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Payments								
Suppliers and employees	(77 357)	10 054	(67 303)	(62 189)	(5 114)	92.4%	80.4%	(67 867)
Finance charges	-	-	-	(23)	23	#DIV/0!	#DIV/0!	(46)
Transfers and Grants	(220)	(230)	(450)	(706)	257	157.0%	321.1%	(307)
NET CASH FROM/(USED) OPERATING ACTIVITIES	3 895	7 913	11 808	1 877	9 931	#DIV/0!	#DIV/0!	(2 969)
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Decrease (increase) other non-current receivables	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Decrease (increase) in non-current investments	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Payments								
Capital assets	(1 275)	(316)	(1 591)	(1 100)	(491)	69.2%	86.3%	(249)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1 275)	(316)	(1 591)	(1 100)	(491)	69.2%	86.3%	(249)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Borrowing long term/refinancing	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Increase (decrease) in consumer deposits	-	-	-	1	(1)	#DIV/0!	#DIV/0!	-
Payments								
Repayment of borrowing	(131)	(10)	(141)	(155)	14	109.8%	107.7%	(131)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(131)	(10)	(141)	(153)	13	109.0%	117.3%	(131)
NET INCREASE/ (DECREASE) IN CASH HELD	2 489	7 587	10 076	623				(3 349)
Cash/cash equivalents at the year begin:	12 038	(7 850)	4 188	4 188				7 537
Cash/cash equivalents at the year end:	14 527	(263)	14 265	4 811	9 453	-5432.2%	98.2%	4 188