

RICHTERSVELD

MUNICIPALITY



**MUNISIPALITEIT
RICHTERSVELD
MUNICIPALITY**

Die Richtersveld leuse is:

!Ghâi //Khoredi

Dit beteken: "Strewe na sukses" in Nama

FINANCIAL STATEMENTS

30 JUNE 2021

RICHTERSVELD 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 5 to 100 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.

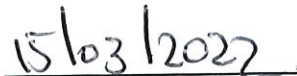
I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with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



SC Adams

Municipal Manager



Date

RICHTERSVELD MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

	Notes	2021 R	2020 R
ASSETS			
Non-Current Assets		203 232 339	195 438 000
Property, Plant and Equipment	2	184 397 756	176 421 747
Investment Property	3	18 817 051	18 967 200
Intangible Assets	4	17 532	49 054
Current Assets		9 375 582	6 061 526
Inventory	5	13 037	4 759
Receivables from Exchange Transactions	6	12 073	3 234 462
Receivables from Non-exchange Transactions	7	3 176 275	1 805 979
Taxes	17.3	652 584	87 617
Cash and Cash Equivalents	8.1	5 521 612	928 710
Total Assets		212 607 921	201 499 527
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		37 055 949	25 861 991
Long-term Borrowings	9	265 130	0
Non-current Provisions	10	33 727 820	22 811 992
Non-current Employee Benefits	11	3 062 998	3 049 999
Current Liabilities		53 525 439	40 383 950
Consumer Deposits	12	1 690 432	1 586 892
Current Employee Benefits	14	3 650 259	3 214 921
Trade and Other Payables from Exchange Transactions	15	43 025 178	33 355 244
Unspent Transfers and Subsidies	16	4 697 129	1 586 216
Cash and Cash Equivalents	8.2	329 293	640 678
Current Portion of Long-term Borrowings	9	133 148	-
Total Liabilities		90 581 388	66 245 941
Net Assets		122 026 533	135 253 585
Capital Replacement Reserve	18	221 372	153 077
Housing Development Fund	18	1 317	1 317
Accumulated Surplus/(Deficit)		121 803 845	135 099 192
Total Net Assets and Liabilities		212 607 921	201 499 527

RICHTERSVELD MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R	2020 R
REVENUE			
Revenue from Non-exchange Transactions		63 155 927	59 516 665
Taxation Revenue		20 070 821	19 593 640
Property Rates	19	20 070 821	19 593 640
Transfer Revenue		37 370 337	30 220 637
Government Grants and Subsidies	20	36 793 657	29 161 740
Public Contributions and Donations	21	576 680	576 680
Contributed Property, Plant and Equipment		-	482 217
Other Revenue		5 714 769	9 702 388
Actuarial Gains	11	83 715	267 524
Availability Charges	22	3 518 536	3 519 761
Fines, Penalties and Forfeits		27 300	37 100
Interest Earned - Non-exchange Transactions		2 085 219	5 878 003
Revenue from Exchange Transactions		25 848 593	23 844 008
Service Charges	24	21 163 009	19 511 524
Sales of Goods and Rendering of Services	25	630 423	1 071 069
Rent on Land	26	404 649	393 774
Rental from Fixed Assets	27	276 361	246 079
Interest Earned - External Investments	28	142 350	168 975
Interest Earned - Exchange Transactions	29	3 098 238	2 298 393
Licences and Permits	23	7 537	4 420
Agency Services		90 799	66 769
Operational Revenue	30	35 226	83 005
Total Revenue		89 004 520	83 360 674
EXPENDITURE			
Employee related costs	31	(30 130 510)	(28 866 866)
Remuneration of Councillors	32	(2 758 889)	(2 489 136)
Bad Debts Written Off		(916 791)	(2 112 995)
Contracted Services	33	(5 508 613)	(4 421 402)
Depreciation and Amortisation	34	(10 818 883)	(9 433 488)
Actuarial Losses	11	(17 055)	-
Finance Costs	35	(7 148 725)	(3 164 502)
Bulk Purchases	36	(16 152 227)	(14 822 550)
Inventory Consumed	5	(2 166 774)	(1 024 081)
Operating Leases		(1 607 202)	(1 923 689)
Operational Costs	37	(8 831 372)	(7 951 657)
Total Expenditure		(86 057 039)	(76 210 367)
Operating Surplus/(Deficit) for the Year		2 947 481	7 150 306
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	11	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	38	(16 482 836)	(22 199 213)
Gains/(Loss) on Sale of Fixed Assets	39	(213 349)	(202 496)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	40	-	-
Water Losses	41	(133 166)	(138 757)
NET SURPLUS/(DEFICIT) FOR THE YEAR		(13 881 870)	(15 390 159)

RICHTERSVELD MUNICIPALITY

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

	Capital Replacement Reserve	Housing Development Fund	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2019	739	455 059	150 801 196	151 256 995
Correction of Error - Note 43.5	-	-	(613 250)	(613 250)
Restated balance	739	455 059	150 187 946	150 643 745
Net Surplus/(Deficit) for the year	-	-	(15 390 159)	(15 390 159)
Net Surplus/(Deficit) previously reported	-	-	(14 130 295)	(14 130 295)
Effects of Correction of Errors - Note 43.6	-	-	(1 259 864)	(1 259 864)
Transfer to/from CRR	152 338	-	(152 338)	-
Transfer to Housing Development Fund	-	(453 743)	453 743	-
Restated balance at 30 June 2020	153 077	1 317	135 099 192	135 253 585
Net Surplus/(Deficit) for the year	-	-	(13 881 870)	(13 881 870)
Transfer to/from CRR	68 295	-	(68 295)	-
Property, Plant and Equipment purchased	-	-	654 818	654 818
Balance at 30 June 2021	221 372	1 317	121 803 845	122 026 533

RICHTERSVELD MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R	2020 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		8 968 863	7 964 139
Service Charges		22 744 987	17 734 489
Other Revenue		3 386 194	2 473 708
Government - Operating		20 777 820	21 668 692
Government - Capital		19 126 751	5 033 951
Interest		142 350	168 975
Cash payments			
Suppliers and Employees		(57 092 068)	(43 698 210)
Finance Charges		(2 699 457)	(1 035 592)
Net Cash from Operating Activities	44	15 355 440	10 310 152
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(10 514 887)	(10 084 611)
Net Cash from Investing Activities		(10 514 887)	(10 084 611)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(Decrease) in Consumer Deposits		103 540	33 165
Repayment of Borrowing		(39 805)	(103 320)
Net Cash from Financing Activities		63 735	(70 154)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4 904 288	155 387
Cash and Cash Equivalents at the beginning of the year		288 032	132 644
Cash and Cash Equivalents at the end of the year	45	5 192 320	288 032
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4 904 287	155 388

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.

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**. The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of **2020** audited amounts is set out in **note 42** of the annual financial statements.

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

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

The following GRAP standards became effective on 1 April 2020:

- **GRAP 18 Segment Reporting**
- **GRAP 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. 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 are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

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

The comparable information includes the following:

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

Explanations for 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 5% of the budgeted value as Material..

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
Guideline	<u>Guideline on Accounting for Landfill Sites</u>	Unknown

REFERENCE	TOPIC	EFFECTIVE DATE
	<p>The objective of the Guideline is to provide guidance to entities that manage and operate landfill sites.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	
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

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10. RESERVES

1.10.1. 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.

1.11. LEASES

1.11.1. 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.

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.

1.11.2. 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.

1.12. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.13. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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.

1.14. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

1.15. UNSPENT PUBLIC CONTRIBUTIONS

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

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

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

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

1.16. 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;
 - 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.

1.17. EMPLOYEE BENEFITS

(a) *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 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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 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.

1.18. PROPERTY, PLANT AND EQUIPMENT

1.18.1. *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). 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.

1.18.2. 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.

1.18.3. 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	20-30
<u>Infrastructure</u>	
Roads and Streets	3-30
Storm Water	10-25
Electricity	2-50
Water	5-100
Waste Water	5-60
Waste	20-30
<u>Community</u>	
Sport and Recreation Facilities	20-30
Housing	3-30
Community Halls	5-30
Parks and Gardens	20-30
Security and Policing	3-15
Libraries	5-30
Clinics	20-30

Finance lease assets

Office equipment	3-5
Other assets	3-5

Other

Motor Vehicles	3-15
Office equipment	3-10
Furniture and Other Office Equipment	2-15
Plant and Equipment	2-15
Computer equipment	3-5

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

Changes to the useful life of assets and residual value 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.

1.18.4. De-recognition

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

1.18.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

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

1 July 2015. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2015.

1.18.6. Decommissioning and Restoration Asset

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

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

1.19. INTANGIBLE ASSETS

1.19.1. 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.

1.19.2. 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.

1.19.3. 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>	Years
Computer Software	2-15
Computer Software Licenses	2-15

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.

1.19.4. 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.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2015.

1.20. INVESTMENT PROPERTY

1.20.1. 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 objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

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.

1.20.2. 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. Land is not depreciated as it is deemed to have an indefinite useful life.

1.20.3. 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.

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	25-30

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 differ 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.

1.20.4. 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.

1.20.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2015.

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1. 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;
- 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.

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.

1.21.2. Non-cash-generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

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

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

1.22. NON-CURRENT INVESTMENTS

Financial instruments, 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 period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to 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.

1.23. INVENTORIES

1.23.1. 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.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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.

1.23.2. Subsequent Measurement

Inventories, consisting of consumable stores, materials and supplies and water, 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 first-in-first-out method.

Water inventory is measured annually at the reporting date by way of dip readings.

1.24. 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.

1.24.1. 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.

1.24.2. 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.

1.24.2.1. 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 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.

1.24.2.2. *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.

1.24.2.3. *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.

1.24.3. *De-recognition*

1.24.3.1. 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.

1.24.3.2. Financial Liabilities

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

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

1.24.4. 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.

1.25. 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.

1.25.1. 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.

1.25.2. 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 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.

1.25.3. 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.

1.25.4. Transitional Provisions

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

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

1.26. REVENUE

1.26.1. Revenue from Non-Exchange Transactions

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

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.

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

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

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.

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.

1.26.2. Revenue from Exchange Transactions

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

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

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

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

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property, a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage

connection on the property. Service charges based on a basic charge as per Council resolution.

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 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.

1.27. 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.

1.28. SERVICE CONCESSION ARRANGEMENTS: (Municipality as grantor)

Identification

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

Initial Recognition

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

The service concession liability is recognised and initially measured at:

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

Subsequent Measurement

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

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

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

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

Other Liabilities, Contingent Liabilities, Contingent Assets and Revenue

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

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

Dividing the arrangement

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

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

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

as if it were already in the age and in the condition expected at the end of the service concession arrangement.

1.29. 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);
- (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.

1.30. 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
- (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.

1.31. UNAUTHORISED EXPENDITURE

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

1.32. 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.

1.33. 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.

1.34. 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.

1.35. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be

material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

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 11 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 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

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 Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

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.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days' worth of unused electricity.

Componentisation of Infrastructure assets

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

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.

1.36. TAXES – VALUE ADDED TAX

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

1.37. 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.

1.38. 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.

RICHTERSVELD 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	Unallocated	Total
	R	R	R	R	Water Management	Waste Water Management	Waste Management	R				
SEGMENT REVENUE												
External revenue from exchange transactions	691 560	77 987	11 058 717	4 426 919	3 714 676	3 487 436						23 844 400
Service Charges - Electricity Revenue	(134 612)	(1 873)	11 209 151	4 426 919	(5 212)				(2 920 486)			8 152 180
Service Charges - Water Revenue	(12 693)	-	-	-	(18 008)				(18 008)			4 391 005
Service Charges - Sanitation Revenue	(10 348)	-	(150 435)	3 719 888		36 506			(13 704)			3 581 907
Service Charges - Refuse Revenue	(59 100)	-	-	-	-	3 450 830			(5 399)			3 386 431
Interest Earned - External Investments	-	-	-	-	-	-	-	-	168 975			168 975
Interest Earned - Outstanding Debtors	-	-	-	-	-	-	-	-	2 298 393			2 298 393
Licences and Permits	-	-	-	-	-	-	-	-	4 420			4 420
Agency Services	-	-	-	-	-	-	-	-	66 769			66 769
Other Revenue	908 314	79 840	-	-	-	-	-	-	806 165			1 794 319
External revenue from non-exchange transactions	2 074 205	6 137 089	686 792	2 816 302	1 094 438	410 136			45 805 095			59 034 057
Fines	-	-	-	-	-	-	-	-	37 100			37 100
Transfers Recognised - Operational	1 165 891	6 057 249	-	1 497 907	-	-	-	-	20 440 692			29 161 740
Property Rates	-	-	-	-	-	-	-	-	19 593 640			19 593 640
Availability Charges	-	-	686 792	1 318 395	1 094 438	410 136	-	-	-			3 519 761
Other Revenue	908 314	79 840	-	-	-	-	-	-	5 733 662			6 721 816
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	2 765 766	6 215 055	11 755 508	7 243 221	4 809 114	3 897 572			46 192 220			82 878 457
SEGMENT EXPENDITURE												
Employee Related Costs	(3 919 153)	(2 801 455)	(984 612)	(1 471 126)	(2 007 685)	(1 123 658)			(16 559 178)			(28 866 866)
Remuneration of Councillors	-	-	-	5 509 767	(9 936 863)	(833 348)			(2 489 136)			(2 489 136)
Debt Impairment	(149 231)	-	965 305	(1 262 953)	(465 505)	(889 703)			(19 867 838)			(24 312 209)
Depreciation and Asset Impairment	(665 917)	(3 628 377)	(1 270 697)	-	-	(2 128 910)			(1 249 337)			(9 433 488)
Finance Charges	-	-	(14 822 550)	-	-	-			(1 035 592)			(3 164 502)
Bulk Purchases	-	-	-	(707 354)	-	(106 209)			(68 329)			(1 162 838)
Inventory Consumed	(280 947)	(30 838)	(49 678)	(1 824 797)	(207 607)	(22 833)			(1 962 244)			(4 421 402)
Contracted Services	(323 405)	(262 114)	(599 255)	(120 458)	(294 635)	(330 729)			(7 410 593)			(9 875 345)
Other Expenditure	(857 562)	-	-	-	-	-			(202 496)			(202 496)
Loss on Disposal of PPE	-	-	-	-	-	-			-			-
Internal charges	-	-	-	-	-	-			-			-
Total Segment Expenditure	(6 196 214)	(6 722 784)	(16 761 486)	123 079	(12 913 295)	(5 435 390)			(50 844 743)			(96 750 833)
Surplus/(Deficit)	(3 430 448)	(507 729)	(5 005 977)	7 366 300	(8 104 181)	(1 537 817)			(4 652 523)			(15 872 376)
Transfers Recognised - Capital	-	-	-	-	-	-			-			-
Contributions Recognised - Capital	-	-	-	-	-	-			-			-
Contributed Assets	-	-	-	-	-	-			482 217			482 217
Surplus/(Deficit) after Capital Transfers & Contributions	(3 430 448)	(507 729)	(5 005 977)	7 366 300	(8 104 181)	(1 537 817)			(4 170 306)			(15 380 159)

	Community and environmental services		Trading Services				Other	Governance and Administration	Unallocated	Total
	Community and public safety	Environmental services	Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	
Taxation	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after Taxation	(3 430 448)	(507 729)	(5 005 977)	7 366 300	(8 104 181)	(1 537 817)	(4 170 306)	-	(15 390 159)	
Attributable to Minorities	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) Attributable to Municipality	(3 430 448)	(507 729)	(5 005 977)	7 366 300	(8 104 181)	(1 537 817)	(4 170 306)	-	(15 390 159)	
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) for the year	(3 430 448)	(507 729)	(5 005 977)	7 366 300	(8 104 181)	(1 537 817)	(4 170 306)	-	(15 390 159)	

	Community and environmental services		Trading Services				Other	Governance and Administration	Unallocated	Total
	Community and public safety	Environmental services	Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	
OTHER INFORMATION	-	-	-	-	-	-	-	-	-	
Segment Assets	-	-	-	-	-	-	-	201 495 527	201 495 527	
Segment liabilities	-	-	-	-	-	-	-	(66 245 941)	(66 245 941)	
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 contributions)	83 360 674
Total Revenue as per Statement of Financial Performance	83 360 674
Difference	-

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

Total Segment Expenditure	(98 750 833)
Total Expenditure as per Statement of Financial Performance	(98 750 833)
Difference	-

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	(15 390 159)
Surplus/(Deficit) for the year as per Statement of Financial Performance	(15 390 159)
Difference - as explained above	-

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

Total Segment Assets	201 499 527
Total Assets as per Statement of Financial Position	201 499 527
Difference	-

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	(66 245 941)
Total Liabilities as per Statement of Financial Position	(66 245 941)
Difference	-

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.

	Community and public safety	Economic and environmental services	Trading Services				Other	Governance and Administration	Unallocated	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	(6 109 061)	(8 037 638)	9 129 053	(222 700)	(3 053 539)	(979 712)	484 163	-	(13 881 870)	
Taxation	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after Taxation	(6 109 061)	(8 037 638)	9 129 053	(222 700)	(3 053 539)	(979 712)	484 163	-	(13 881 870)	
Attributable to Minorities	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) Attributable to Municipality	(6 109 061)	(8 037 638)	9 129 053	(222 700)	(3 053 539)	(979 712)	484 163	-	(13 881 870)	
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) for the year	(6 109 061)	(8 037 638)	9 129 053	(222 700)	(3 053 539)	(979 712)	484 163	-	(13 881 870)	

	Community and public safety	Economic and environmental services	Trading Services				Other	Governance and Administration	Unallocated	Total
			Energy Sources	Water Management	Waste Water Management	Waste Management				
	R	R	R	R	R	R	R	R	R	
OTHER INFORMATION	-	-	-	-	-	-	-	-	-	
Segment Assets	-	-	-	-	-	-	-	212 607 921	212 607 921	
Segment liabilities	-	-	-	-	-	-	-	(90 551 388)	(90 551 388)	
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)	89 004 520
Total Revenue as per Statement of Financial Performance	89 004 520
Difference	-

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

Total Segment Expenditure	(102 886 390)
Total Expenditure as per Statement of Financial Performance	(102 886 390)
Difference	-

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	(13 881 870)
Surplus/(Deficit) for the year as per Statement of Financial Performance	(13 881 870)
Difference - as explained above	-

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

Total Segment Assets	212 607 921
Total Assets as per Statement of Financial Position	212 607 921
Difference	-

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	(90 581 388)
Total Liabilities as per Statement of Financial Position	(90 581 388)
Difference	-

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.

RICHTERSVELD MUNICIPALITY
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2020

	R		R		R		R	
	Governance and Administration	Community and Public Safety	Technical Services	Economic and Environmental Services	Other	Total		
SEGMENT REVENUE								
External revenue from exchange transactions	381 545	691 560	22 690 658	77 967	-	23 841 930		
Service Charges - Electricity Revenue	(2 920 466)	(134 612)	11 209 151	(1 873)	-	8 152 180		
Service Charges - Water Revenue	(18 008)	(12 693)	4 421 707	-	-	4 391 005		
Service Charges - Sanitation Revenue	(13 704)	(10 348)	3 609 070	-	-	3 585 017		
Service Charges - Refuse Revenue	(5 399)	(59 100)	3 450 930	-	-	3 386 431		
Rental of Facilities and Equipment	-	-	-	-	-	-		
Interest Earned - External Investments	168 975	-	-	-	-	168 975		
Interest Earned - Outstanding Debtors	2 298 393	-	-	-	-	2 298 393		
Licences and Permits	4 420	-	-	-	-	4 420		
Agency Services	66 769	-	-	-	-	66 769		
Other Revenue	800 586	908 314	-	79 840	-	1 788 739		
External revenue from non-exchange transactions	47 008 333	1 165 891	5 017 668	6 057 249	-	59 249 141		
Dividends Received	-	-	-	-	-	-		
Fines	37 100	-	-	-	-	37 100		
Transfers Recognised - Operational	20 440 692	1 165 891	1 487 907	6 057 249	-	29 161 740		
Property Rates	19 593 640	-	-	-	-	19 593 640		
Availability Charges	-	-	3 519 761	-	-	3 519 761		
Other Income	6 936 900	-	-	-	-	6 936 900		
Gains	-	-	-	-	-	-		
Revenue from transactions with other segments	-	-	-	-	-	-		
Internal Revenue	-	-	-	-	-	-		
Total Segment Revenue (excluding capital transfers and contributions)	47 389 878	1 857 452	27 708 526	6 135 216	-	83 091 072		
SEGMENT EXPENDITURE								
Employee Related Costs	(16 289 576)	(3 919 153)	(5 587 080)	(2 801 455)	-	(28 597 265)		
Remuneration of Councillors	(2 489 136)	-	-	-	-	(2 489 136)		
Debt Impairment	(19 867 838)	(149 231)	(4 295 139)	-	-	(24 312 208)		
Depreciation and Asset Impairment	(1 249 337)	(665 917)	(3 889 858)	(3 628 377)	-	(9 433 488)		
Finance Charges	(1 035 592)	-	(2 128 910)	-	-	(3 164 502)		
Bulk Purchases	-	-	(14 822 550)	-	-	(14 822 550)		
Inventory Consumed	(68 329)	(280 947)	(813 563)	-	-	(1 162 838)		
Contracted Services	(1 962 244)	(323 405)	(2 104 915)	(30 838)	-	(4 421 402)		
Transfers and Grants	(7 410 593)	(857 562)	(1 345 077)	(262 114)	-	(9 875 345)		
Other Expenditure	(202 496)	-	-	-	-	(202 496)		
Losses	-	-	-	-	-	-		
Internal charges	-	-	-	-	-	-		
Total Segment Expenditure	(50 575 141)	(6 196 214)	(34 987 092)	(6 722 764)	-	(98 481 231)		
Surplus/(Deficit)	(3 185 263)	(4 338 762)	(7 278 566)	(687 569)	-	(15 390 160)		

	Governance and Administration	Community and Public Safety	Technical Services	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	(3 185 263)	(4 338 762)	(7 278 566)	(587 569)	-	(15 390 160)
Taxation	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	(3 185 263)	(4 338 762)	(7 278 566)	(587 569)	-	(15 390 160)
Attributable to Minorities	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	(3 185 263)	(4 338 762)	(7 278 566)	(587 569)	-	(15 390 160)
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
Surplus/(Deficit) for the year	(3 185 263)	(4 338 762)	(7 278 566)	(587 569)	-	(15 390 160)

	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	-	-	-	-	201 499 527	201 499 527
Segment liabilities	-	-	-	-	66 245 941	66 245 941
Additions to non-current assets	-	-	-	-	-	-
Investment in associates (equity method) and joint ventures	-	-	-	-	-	-
Non-cash revenue (included above)	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-

RICHTERSVELD 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	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered	
Functional Segments Vote 1 - Executive & Council	1.2-Council General Expenses	Aggregated	Governance and Administration	Supporting service departments	
	1.3 - Municipal Manager	Aggregated	Governance and administration	Supporting service departments	
	1.4-Tourism	Aggregated	Other	Tourism	
	Vote 2 - Administration :Corporate	2.2-Administration	Aggregated	Governance and Administration	Supporting service departments
		2.3-Health Services	Aggregated	Community and public safety	Library services, community halls and property management
		2.4-Library	Aggregated	Community and public safety	Library services, community halls and property management
		2.5-Offices	Aggregated	Governance and Administration	Supporting service departments
		2.8-Vehicle Testing	Aggregated	Economic & Environmental Services	Motor Vehicle Licensing
	Vote 3 - Administration:Community	3.2-Properties	Aggregated	Governance and Administration	Housing, cemeteries and recreational facilities
		3.3-Commonage	Aggregated	Community and public safety	
		3.4-Cemetery	Aggregated	Community and public safety	
		3.5-Housing Scheme-4	Aggregated	Community and public safety	
		3.6-Housing Scheme-5	Aggregated	Community and public safety	
		3.7-Fire Brigade	Aggregated	Community and public safety	
		3.8-Workshop	Aggregated	Economic & Environmental Services	
		3.9-Beaches	Aggregated	Community and public safety	
		3.10-Caravan Park	Aggregated	Community and public safety	
3.11-Museum		Aggregated	Community and public safety		
Vote 4- Financial Services	3.12-Recreational Park	Aggregated	Community and public safety		
	3.13-Community Gym	Aggregated	Community and public safety		
	4.2-Finance Administration	Aggregated	Governance and Administration	Supporting service departments	
	4.3-Assessment Rates	Aggregated	Governance and Administration	Supporting service departments	
	Vote 5 - Infrastructure	5.1-Refuse Removal	Individually Reported	Trading Services	Waste Management
		5.2-Sewerage Services	Individually Reported	Trading Services	Waste Water Management
		5.3-Roads & Stormwater	Aggregated	Economic & Environmental Services	Roads and Stormwater
		5.4-Water Services	Individually Reported	Trading Services	Water Management
		5.5-Electricity Services	Individually Reported	Trading Services	Electricity Services
		5.6- Sport Ground	Aggregated	Community and public safety	Recreation Facilities
5.7-Planning & Development		Aggregated	Economic & Environmental Services	Local Economic Development	

SECONDARY SEGMENTS

mSCOA Functional Segments identified	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and Council	Governance and Administration	Supporting service departments
	Finance and Administration	Governance and Administration	Supporting service departments
• Community and Public Safety	Internal Audit	Governance and Administration	Supporting service departments
	Sport and Recreation	Community and public safety	Library services, Community halls rentals and recreation centers
	Public safety	Community and public safety	
	Housing	Community and public safety	
	Health	Community and public safety	
• Economic and Environmental Services	Planning and Development	Economic and environmental services	Local Economic Development
	Road Transport	Economic and environmental services	Roads and Storm Water
• Trading services	Energy Sources	Trading Services	Electricity Services
	Water Management	Trading Services	Water management
	Waste Water Management	Trading Services	Waste water management
	Waste Management Service	Trading Services	Waste management service
• Other	Tourism	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.

RICHTERSVELD MUNICIPALITY
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	R	R	R	R	R	R
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	418 977	235 067	25 129 225	65 324	-	25 848 593
Service Charges - Electricity Revenue	(3 648 813)	(156 935)	13 539 851	(2 338)	-	9 730 464
Service Charges - Water Revenue	(38 533)	(15 331)	4 597 850	-	-	4 543 986
Service Charges - Sanitation Revenue	(14 819)	(11 731)	3 497 246	-	-	3 470 696
Service Charges - Refuse Revenue	(5 023)	(71 682)	3 494 579	-	-	3 417 863
Rental of Facilities and Equipment	-	-	-	-	-	-
Interest Earned - External Investments	142 350	-	-	-	-	142 350
Interest Earned - Outstanding Debtors	3 098 238	-	-	-	-	3 098 238
Licences and Permits	7 537	-	-	-	-	7 537
Agency Services	90 799	-	-	-	-	90 799
Other Revenue	788 240	480 757	-	67 662	-	1 346 559
External revenue from non-exchange transactions	47 791 747	804 502	13 085 065	1 474 613	-	63 155 927
Fines	27 300	-	-	-	-	27 300
Transfers Recognised - Operational	24 948 013	804 502	9 566 529	1 474 613	-	36 793 657
Property Rates	20 070 821	-	-	-	-	20 070 821
Availability Charges	-	-	3 518 556	-	-	3 518 556
Other Income	2 661 899	-	-	-	-	2 661 899
Gains	83 715	-	-	-	-	83 715
Revenue from transactions with other segments	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and	48 210 724	1 039 569	38 214 290	1 539 937	-	89 004 520
SEGMENT EXPENDITURE						
Employee Related Costs	(17 930 179)	(3 091 050)	(5 770 265)	(3 356 071)	-	(30 147 565)
Remuneration of Councillors	(2 758 889)	-	-	-	-	(2 758 889)
Debt Impairment	(10 862 214)	(1 675 011)	(4 762 402)	-	-	(17 399 627)
Depreciation and Asset Impairment	(1 131 289)	(721 829)	(4 104 448)	(4 861 317)	-	(10 818 883)
Finance Charges	(4 198 676)	-	(2 950 049)	-	-	(7 148 725)
Bulk Purchases	-	-	(16 152 227)	-	-	(16 152 227)
Inventory Consumed	(177 157)	(328 858)	(813 213)	-	(979 712)	(2 289 940)
Contracted Services	(2 473 302)	(511 370)	(1 396 598)	(1 127 343)	-	(5 508 613)
Transfers and Grants	-	-	-	-	-	-
Other Expenditure	(7 881 507)	(619 512)	(1 504 712)	(232 844)	-	(10 438 574)
Losses	(213 349)	-	-	-	-	(213 349)
Expenditure from transactions with other segments	-	-	-	-	-	-
Internal Charges	-	-	-	-	-	-
Total Segment Expenditure	(47 726 561)	(7 148 630)	(37 453 912)	(9 577 575)	(979 712)	(102 886 390)
Surplus/(Deficit)	484 163	(6 109 061)	760 378	(6 037 638)	(979 712)	(13 881 870)

	Governance and Administration	Community and Public Safety	Technical Services	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	484 163	(6 109 061)	760 378	(8 037 638)	(979 712)	(13 881 870)
Taxation	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	484 163	(6 109 061)	760 378	(8 037 638)	(979 712)	(13 881 870)
Attributable to Minorities	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	484 163	(6 109 061)	760 378	(8 037 638)	(979 712)	(13 881 870)
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
Surplus/(Deficit) for the year	484 163	(6 109 061)	760 378	(8 037 638)	(979 712)	(13 881 870)

	Governance and Administration	Community and Public Safety	Technical Services	Economic and Environmental Services	Unallocated	Total
	R	R	R	R	R	R
OTHER INFORMATION						
Segment Assets	-	-	-	-	212 607 921	212 607 921
Segment liabilities	-	-	-	-	(90 581 388)	(90 581 388)
Additions to non-current assets investment in associates (equity method) and joint ventures	-	-	-	-	-	-
Non-cash revenue (included above)	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-

RICHTERSVELD 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	Unallocated	Total				
	R		R		R							R		R	
					Energy Sources	Water Management	Waste Water Management					Waste Management			
SEGMENT REVENUE															
External revenue from exchange transactions	235 067	65 324	13 351 328	4 602 779	3 644 935	3 530 183			418 977		25 948 593				
Service Charges - Electricity Revenue	(156 935)	(2 336)	13 539 551	-	-	-	-	-	(3 649 813)	-	9 730 464				
Service Charges - Water Revenue	(15 331)	-	-	4 602 779	(4 930)	-	-	-	(98 533)	-	4 543 986				
Service Charges - Sanitation Revenue	(11 731)	-	(188 222)	-	3 649 864	-	35 604	-	(14 819)	-	3 470 696				
Service Charges - Refuse Revenue	(71 692)	-	-	-	-	-	3 494 579	-	(5 023)	-	3 417 863				
Rental of Facilities and Equipment	-	-	-	-	-	-	-	-	-	-	-				
Interest Earned - External Investments	-	-	-	-	-	-	-	-	142 350	-	142 350				
Interest Earned - Outstanding Debtors	-	-	-	-	-	-	-	-	3 098 238	-	3 098 238				
Licences and Permits	-	-	-	-	-	-	-	-	7 537	-	7 537				
Agency Services	-	-	-	-	-	-	-	-	90 799	-	90 799				
Other Revenue	490 757	67 662	-	-	-	-	-	-	788 240	-	1 346 659				
External revenue from non-exchange transactions	804 502	1 474 613	729 805	10 941 537	1 132 024	281 700			47 791 747		63 155 927				
Dividends Received	-	-	-	-	-	-	-	-	-	-	-				
Fines	-	-	-	-	-	-	-	-	27 300	-	27 300				
Transfers Recognised - Operational	804 502	1 474 613	-	9 566 529	-	-	-	-	24 948 013	-	36 793 657				
Property Rates	-	-	-	-	-	-	-	-	20 070 821	-	20 070 821				
Availability Charges	-	-	729 805	1 375 007	1 132 024	281 700			-	-	3 518 536				
Other Income	-	-	-	-	-	-	-	-	2 661 899	-	2 661 899				
Gains	-	-	-	-	-	-	-	-	83 715	-	83 715				
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	-	-				
Internal Revenue	-	-	-	-	-	-	-	-	-	-	-				
Total Segment Revenue (excluding capital transfers and contributions)	1 039 569	1 539 937	14 081 133	15 544 316	4 776 959	3 811 883			48 210 724		89 004 520				
SEGMENT EXPENDITURE															
Employee Related Costs	(3 091 050)	(3 356 071)	(1 064 113)	(1 543 851)	(2 076 477)	(1 085 824)			(17 930 179)		(30 147 565)				
Remuneration of Councillors	-	-	-	-	-	-			(2 758 889)		(2 758 889)				
Debt Impairment	(1 675 011)	-	160 575	(2 024 577)	(1 426 330)	(1 472 069)			(10 962 214)		(17 399 627)				
Depreciation and Asset Impairment	(721 829)	(4 861 317)	(1 282 173)	(1 619 287)	(264 315)	(938 673)			(1 131 288)		(10 818 883)				
Finance Charges	-	-	(16 152 227)	-	-	(2 950 049)			(4 198 676)		(7 148 725)				
Bulk Purchases	(329 858)	-	-	(770 970)	-	(42 243)			(177 157)		(16 152 227)				
Inventory Consumed	(511 370)	(1 127 343)	(161 257)	(321 119)	(871 823)	(42 398)			(2 473 302)		(2 299 940)				
Contracted Services	-	-	-	-	-	-			-		(5 508 613)				
Transfers and Grants	(819 512)	(232 844)	(674 373)	(135 459)	(360 713)	(334 167)			(7 881 507)		(10 438 574)				
Losses	-	-	-	-	-	-			(213 349)		(213 349)				
Internal charges	-	-	-	-	-	-			-		-				
Total Segment Expenditure	(7 148 630)	(9 577 575)	(19 173 559)	(6 415 263)	(4 989 659)	(6 865 422)			(47 726 561)		(102 886 390)				
Surplus/(Deficit)	(6 109 061)	(8 037 638)	(5 092 426)	9 129 053	(222 700)	(3 053 539)			484 163		(13 881 870)				

RICHTERSVELD MUNICIPALITY

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

59.3 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
SC Adams	Municipal Manager	90 024	54 357	105 605
DG Moshobane	Chief Financial Officer	-	-	15 846
LS Cloete	Acting Head: Corporate Services	-	34 036	38 515
I Cloete	Infrastructure Manager	-	40 753	44 545
		90 024	129 146	204 510

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
SC Adams	Acting Municipal Manager	90 024	35 817	167 438
L Young	Acting Chief Financial Officer	74 696	16 555	35 777
LS Cloete	Acting Head: Corporate Services	72 075	28 676	25 683
I Cloete	Infrastructure Manager	33 759	29 305	35 970
		270 555	110 352	264 868

59.4 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		
MC Spyseniering	L. Cloete	Acting Strategic manager	Mother	4 780	31 750
N.P. Kotze	Alta Kotze	Tourism Clerk	Father	7 842	
Weskus Motors	Alta Kotze	Tourism Clerk	Brother	444 622	
T & D Caterers	B. Raman	Testing Officer	Mother	13 945	7 460
				471 189	39 210

60. FINANCIAL SUSTAINABILITY

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

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

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

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

The municipality is experiencing difficulty to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceeds the current assets with R44 441 948 (2020: R34 322 424).

The municipality have budgeted for a profit of R13 132 000 for 2021/2022 and R9 427 000 for 2022/2023 financial year. The municipality has also budgeted for cash flows of R2 636 000 for 2022/2023 and R6 415 000 for the 2023/2024 financial year.

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 results 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 municipality.

Current Assets: *Increasing in Debtors as a result of non-payment by consumers, and increase in Unspent Grants as a result of contractors not able to work under lock-down regulations.*

Service Charges and Rates: *Decrease in sale of electricity due to increase in unemployment rates.*

RICHTERSVELD MUNICIPALITY

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

Grants Received:

The municipality received special allocations in order to assist communities in need to the value of R2 315 000 from National Treasury.

Expenses:

The municipality amended their budget through an adjustment budget to reprioritised expenditure.

RICHTERSVELD MUNICIPALITY

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

R2 315 000 was allocated for 2020/2021 financial year information available regarding expenditure in lieu of Covid-19. The summary below indicates the total Covid-19 response expenditure for the period ending 30 June 2021.

<i>Type of expenditure</i>	<i>Nature of expenditure</i>	2021 R	2020 R
<i>operational cost</i>	<i>Inventory Consumed</i>	400 247	59 480
<i>operational cost</i>	<i>Subsistence and travelling</i>		41 206
<i>capital cost</i>	<i>material</i>	1 793 520	20 465
<i>operational cost</i>	<i>material and suppliers</i>	10 707	-
<i>operational cost</i>	<i>courier and security services</i>	4 450	2 683
<i>operational cost</i>	<i>airtime and data cost</i>	6 794	15 797
		2 215 718	139 631
The Covid-19 response expenditure is funded from the following sources:			
<i>Own Revenue</i>		-	97 631
<i>Grant Funding</i>		2 215 718	42 000
		2 215 718	139 631

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

61. EVENTS AFTER REPORTING PERIOD

Covid-19

Within the municipal space, 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.

Alexkor

The municipality has signed a 3 year transferring agreement with Alexkor i.r.o. the incorporation of Alexander Bay into Richtersveld Municipality. A task team has been appointed with the operational arrangements. At this stage no financial impact can be disclosed as information has still not been provided by Alexkor

No further events which may have financial implications for the municipality and warrants disclosure in the financial statements occurred after 30 June 2021.

RICHTERSVELD 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 2021	Actual Outcome as % of Final Budget
		R	R		R	R	R	R			
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Taxation	14 272 043	347 384		14 619 427	-				14 619 427	8 968 863	-38,65%
Service Charges	23 549 291	-		23 549 291	-				23 549 291	22 744 987	-3,42%
Other Revenue	1 999 043			1 999 043	-				1 999 043	3 386 194	69,39%
Government - Operating	22 184 000	4 560 000		26 744 000	-				26 744 000	20 777 820	-22,31%
Government - Capital	17 321 000	(90 000)		17 231 000	-				17 231 000	19 126 751	11,00%
Interest	70 000	-		70 000	-				70 000	142 350	103,36%
Dividends	-	-		-	-				-	-	-
Payments											
Suppliers and Employees	(61 956 518)	3 581 168		(58 375 350)	-				(58 375 350)	(57 092 068)	-2,20%
Finance costs	-	-		-	-				-	(2 699 457)	#DIV/0!
Transfers and Grants	-	-		-	-				-	-	-
Net Cash from/(used) Operating Activities	17 438 859	8 398 552		25 837 411	-				25 837 411	15 355 440	-40,57%
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	(17 321 000)	(1 975 000)		(19 296 000)	-				(19 296 000)	(10 514 887)	-45,51%
Net Cash from/(used) Investing Activities	(17 321 000)	(1 975 000)		(19 296 000)	-				(19 296 000)	(10 514 887)	-45,51%
CASH FLOW FROM FINANCING ACTIVITIES											
Receipts											
Short Term Loans	-	-		-	-				-	-	-
Borrowing long term/refinancing	-	-		-	-				-	-	-
Increase/(Decrease) in Consumer Deposits	30 000	575 359		605 359	-				605 359	103 540	-82,90%
Payments											
Repayment of Borrowing	-	-		-	-				-	(39 805)	#DIV/0!
Net Cash from/(used) Financing Activities	30 000	575 359		605 359	-				605 359	63 735	-89,47%
NET INCREASE/(DECREASE) IN CASH HELD	147 859	6 998 911		7 146 770	-				7 146 770	4 904 288	-31,38%
Cash and Cash Equivalents at the year begin:	288 032	-		288 032	-				288 032	288 032	0,00%
Cash and Cash Equivalents at the year end:	435 891	6 998 911		7 434 802	-				7 434 802	5 192 320	-30,16%

RICHTERSVELD 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	R	R	R	R	R	R	
REVENUE														
Property Rates	19 029 000	-	-	19 029 000	-	-	-	-	-	19 029 000	20 070 821	20 070 821	5,47%	
Service Charges - Electricity Revenue	14 892 749	-	-	14 892 749	-	-	-	-	-	14 892 749	14 122 161	14 122 161	-5,17%	
Service Charges - Water Revenue	5 131 847	-	-	5 131 847	-	-	-	-	-	5 131 847	5 146 563	5 146 563	0,29%	
Service Charges - Sanitation Revenue	3 496 621	-	-	3 496 621	-	-	-	-	-	3 496 621	3 206 631	3 206 631	-8,29%	
Service Charges - Refuse Revenue	2 959 886	-	-	2 959 886	-	-	-	-	-	2 959 886	2 206 190	2 206 190	-25,46%	
Rental of Facilities and Equipment	715 745	-	-	715 745	-	-	-	-	-	715 745	681 010	681 010	-4,85%	
Interest Earned - External Investments	70 000	-	-	70 000	-	-	-	-	-	70 000	142 350	142 350	103,36%	
Interest Earned - Outstanding Debtors	3 151 654	463 179	-	3 614 833	-	-	-	-	-	3 614 833	5 183 457	5 183 457	43,39%	
Dividends Received	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines	22 013	-	-	22 013	-	-	-	-	-	22 013	27 300	27 300	24,02%	
Licences and Permits	2 312	-	-	2 312	-	-	-	-	-	2 312	7 537	7 537	226,00%	
Agency Services	86 303	-	-	86 303	-	-	-	-	-	86 303	90 799	90 799	5,21%	
Transfers Recognised - Operational	22 184 000	4 560 000	-	26 744 000	-	-	-	-	-	26 744 000	24 513 499	24 513 499	-8,34%	
Other Revenue	1 888 415	-	-	1 888 415	-	-	-	-	-	1 888 415	665 649	665 649	-64,75%	
Gains on Disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)	48.2.6	73 630 545	5 023 179	78 653 724	-	-	-	-	-	78 653 724	76 063 967	76 063 967	-3,29%	
EXPENDITURE														
Employee Related Costs	29 054 855	(2 758 776)	-	26 296 079	-	-	-	-	-	26 296 079	30 046 795	30 046 795	14,26%	
Remuneration of Councillors	2 805 685	-	-	2 805 685	-	-	-	-	-	2 805 685	2 758 889	2 758 889	-1,67%	
Debt Impairment	11 556 558	-	-	11 556 558	-	-	-	-	-	11 556 558	16 482 636	16 482 636	42,63%	
Depreciation and Asset Impairment	10 150 250	-	-	10 150 250	-	-	-	-	-	10 150 250	10 818 883	10 818 883	6,59%	
Finance Charges	2 450 857	-	-	2 450 857	-	-	-	-	-	2 450 857	7 148 725	7 148 725	191,68%	
Bulk Purchases	17 313 100	(1 505 000)	-	15 808 100	-	-	-	-	-	15 808 100	16 152 227	16 152 227	2,18%	
Other Materials	1 121 678	488 500	-	1 610 178	-	-	-	-	-	1 610 178	2 166 774	2 166 774	34,57%	
Contracted Services	3 527 489	425 741	-	3 953 230	-	-	-	-	-	3 953 230	5 508 613	5 508 613	39,34%	
Transfers and Grants	8 533 321	(411 633)	-	8 121 688	-	-	-	-	-	8 121 688	11 505 566	11 505 566	41,66%	
Other Expenditure	-	-	-	-	-	-	-	-	-	-	213 349	213 349	100,00%	
Loss on Disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure	48.2.7	86 513 793	(3 761 168)	82 752 625	-	-	-	-	-	82 752 625	102 802 675	102 802 675	24,23%	
Surplus/(Deficit)	(12 883 248)	8 784 347	(4 098 901)	(4 098 901)	-	-	-	-	-	(4 098 901)	(26 738 707)	(26 738 707)	552,34%	
Transfers Recognised - Capital	17 321 000	(90 000)	-	17 231 000	-	-	-	-	-	17 231 000	12 856 838	12 856 838	-25,39%	
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contributed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after Capital Transfers & Contributions	4 437 752	8 694 347	-	13 132 099	-	-	-	-	-	13 132 099	(13 881 870)	(13 881 870)	-205,71%	
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after Taxation	4 437 752	8 694 347	-	13 132 099	-	-	-	-	-	13 132 099	(13 881 870)	(13 881 870)	-205,71%	
Attributable to Minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) Attributable to Municipality	4 437 752	8 694 347	-	13 132 099	-	-	-	-	-	13 132 099	(13 881 870)	(13 881 870)	-205,71%	
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) for the year	4 437 752	8 694 347	-	13 132 099	-	-	-	-	-	13 132 099	(13 881 870)	(13 881 870)	-205,71%	

RICHTERSVELD MUNICIPALITY

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

2021
R

2020
R

2. PROPERTY, PLANT AND EQUIPMENT

[See previous sheet](#)

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RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R
2.3 Property, Plant and Equipment which is in the process of being constructed or developed:		
Infrastructure Assets	8 941 795	3 733 762
Roads	-	-
Electricity	263 035	459 318
Water Supply	-	178 316
Sanitation	8 678 760	3 096 128
Solid Waste	-	-
Community Assets	-	-
Other Assets	-	-
Total Property, Plant and Equipment under construction	8 941 795	3 733 762
The movements for the year can be reconciled as follows:		
Balance at beginning of year	3 733 762	10 158 660
Expenditure during the year	10 158 886	9 309 183
Assets unbundled during the year	(4 646 581)	(15 734 081)
Assets unbundled during the year	(4 646 581)	(14 050 745)
Correction of Error - Note 43.1	-	(1 683 336)
Impairment recognised during the year	(304 272)	-
Balance at end of year	8 941 795	3 733 762
2.4 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:		
Infrastructure Assets	263 035	397 090
Roads	-	-
Storm Water	-	-
Electricity	-	-
Water Supply	263 035	397 090
Sanitation	-	-
Solid Waste	-	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	-	-
Total	263 035	397 090
The municipality awaits additional funding to complete the project.		
2.5 Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Employee related costs	-	-
Other materials	-	-
Contracted Services	2 983 140	1 075 925
Other Expenditure	-	-
Total Repairs and Maintenance	2 983 140	1 075 925
2.6 Assets pledged as security:		
Leased Property, Plant and Equipment of R 304 224 (2020: R0) is secured for leases as set out in Note 9.		
2.7 Contractual commitments for acquisition of Property, Plant and Equipment:		
Approved and contracted for:	367 647	-
Infrastructure	367 647	-
Community	-	-
Other	-	-
Total	367 647	-
This expenditure will be financed from:		
External Loans	-	-
Capital Replacement Reserve	-	-
Government Grants	367 647	-
Own Resources	-	-
District Council Grants	-	-
Total	367 647	-
3. INVESTMENT PROPERTY		
3.1 Net Carrying amount at 1 July	18 967 200	19 117 760
Cost	29 037 220	29 037 220
Accumulated Depreciation	(2 988 620)	(2 838 060)
Accumulated Impairment Loss	(7 081 400)	(7 081 400)
Depreciation for the year	(150 149)	(150 560)

RICHTERSVELD MUNICIPALITY

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

Net Carrying amount at 30 June

Cost

Accumulated Depreciation

Accumulated Impairment Loss

18 817 051

18 967 200

29 037 220

29 037 220

(3 138 769)

(2 988 620)

(7 081 400)

(7 081 400)

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R
3.2 Revenue from Investment Property		
Revenue derived from the rental of Investment Property	264 765	230 775
There are no Investment Property which is in the process of being constructed or developed.		
There are no Investment Property that are taking a significantly longer period of time to complete than expected.		
There are no Investment Property where construction or development has been halted.		
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
4. INTANGIBLE ASSETS		
4.1 Net Carrying amount at 1 July	49 054	80 682
Cost	769 227	769 227
Accumulated Amortisation	(720 174)	(688 545)
Accumulated Impairment Loss	-	-
Amortisation	(31 521)	(31 628)
Net Carrying amount at 30 June	17 532	49 054
Cost	769 227	769 227
Accumulated Amortisation	(751 695)	(720 174)
Accumulated Impairment Loss	-	-
There are no Intangible Assets which is in the process of being constructed or developed.		
There are no Intangible Assets that is taking a significantly longer period of time to complete than expected.		
There are no Intangible Assets where construction or development has been halted.		
No intangible asset were assed having an indefinite useful life.		
There are no internally generated intangible assets at reporting date.		
There are no intangible assets whose title is restricted.		
There are no intangible assets pledged as security for liabilities.		
There are no contractual commitments for the acquisition of intangible assets.		
5. INVENTORY		
Consumables	3 780	3 934
Water	9 258	825
Total Inventory	13 037	4 759
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
5.1 Inventories recognise as an expense during the year:		
Consumables	972 670	-
Materials and Supplies	556 600	455 484
Water	637 504	568 597
Total	2 166 774	1 024 081
6. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	3 341 757	3 192 274
Balance previously stated		3 094 577
Correction of Error - Note 43.2		97 698
Water	17 229 686	15 541 887
Balance previously stated		15 482 377
Correction of Error - Note 43.2		59 510
Property Rentals	1 827 174	1 964 858
Balance previously stated		1 959 671
Correction of Error - Note 43.2		5 187
Waste Management	14 817 694	13 661 649
Waste Water Management	13 745 415	12 513 211
Abeyance	1 847 986	2 827 303
Other Arrears	4 444 116	4 169 594
Total: Receivables from exchange transactions (before provision)	57 253 829	53 870 776
Less: Provision for Debt Impairment	(57 241 755)	(50 636 315)
Total: Receivables from exchange transactions (after provision)	12 073	3 234 462

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

The fair value of receivables approximate their carrying value.

(Electricity): Aqeing

RICHTERSVELD MUNICIPALITY

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

Current (0 - 30 days)	1 034 698	711 502
31 - 60 Days	75 793	401 829
61 - 90 Days	54 420	124 361
+ 90 Days	2 176 845	1 954 582
Total	<u>3 341 757</u>	<u>3 192 274</u>

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R			
<u>(Water): Ageing</u>					
Current (0 - 30 days)	514 902	397 138			
31 - 60 Days	246 380	377 698			
61 - 90 Days	223 828	295 527			
+ 90 Days	16 244 576	14 471 524			
Total	17 229 686	15 541 887			
<u>(Property Rentals): Ageing</u>					
Current (0 - 30 days)	20 643	23 611			
31 - 60 Days	27 826	18 187			
61 - 90 Days	11 648	14 977			
+ 90 Days	1 767 057	1 908 083			
Total	1 827 174	1 964 858			
<u>(Waste Management): Ageing</u>					
Current (0 - 30 days)	184 320	291 849			
31 - 60 Days	190 064	249 933			
61 - 90 Days	183 288	205 546			
+ 90 Days	14 260 022	12 914 321			
Total	14 817 694	13 661 649			
<u>(Waste Water Management): Ageing</u>					
Current (0 - 30 days)	349 257	345 751			
31 - 60 Days	218 844	268 091			
61 - 90 Days	183 796	207 347			
+ 90 Days	12 993 519	11 692 021			
Total	13 745 415	12 513 211			
<u>(Absence): Ageing</u>					
Current (0 - 30 days)	-	888 615			
31 - 60 Days	-	-			
61 - 90 Days	-	-			
+ 90 Days	1 847 986	1 938 687			
Total	1 847 986	2 827 303			
<u>(Other): Ageing</u>					
Current (0 - 30 days)	65 750	71 510			
31 - 60 Days	51 041	135 573			
61 - 90 Days	79 761	30 808			
+ 90 Days	4 247 565	3 931 703			
Total	4 444 116	4 169 594			
<u>(Total): Ageing</u>					
Current (0 - 30 days)	2 169 571	2 729 976			
31 - 60 Days	809 947	1 451 312			
61 - 90 Days	736 741	878 566			
+ 90 Days	53 537 570	48 810 922			
Total	57 253 829	53 870 776			
<u>Summary of Debtors by Customer Classification</u>					
	Other	Residential	Industrial/ Commercial	National and Provincial Government	Total
30 June 2021					
Current (0 - 30 days)	1 072 274	581 839	434 846	190 136	2 279 094
31 - 60 Days	33 387	693 124	74 489	8 948	809 947
61 - 90 Days	27 158	612 129	63 144	1 102	703 533
+ 90 Days	3 102 843	48 037 819	2 257 050	63 542	53 461 254
Sub-total	4 235 661,65	49 924 910,65	2 829 529	263 728	57 253 829
Less: Provision for Debt Impairment					(57 241 755)
Total debtors by customer classification					12 073

RICHTERSVELD MUNICIPALITY

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

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
30 June 2020					
Current (0 - 30 days)	1 129 942	1 190 811	343 143	66 080	2 729 976
31 - 60 Days	79 328	965 323	337 001	69 660	1 451 312
61 - 90 Days	34 874	713 793	117 145	12 754	878 566
+ 90 Days	2 815 647	43 695 229	2 197 753	102 294	48 810 922
Sub-total	4 059 791,41	46 565 155,00	2 995 042	250 788	53 870 776
Less: Provision for Debt Impairment					(50 636 315)
Total debtors by customer classification					3 234 462

Reconciliation of Provision for Debt Impairment

	2021 R	2020 R
Balance at beginning of year	50 636 315	47 216 102
Contribution to provision	5 743 862	2 974 098
VAT on provision	861 579	446 115
Reversal of provision	-	-
Balance at end of year	57 241 755	50 636 315

The total amount of this provision is R57 241 755 and consist of:

Electricity	2 183 311	2 383 450
Water	16 559 088	14 667 248
Refuse	14 769 273	13 258 130
Sewerage	13 516 897	12 040 562
Commonage and Old Service	10 213 187	8 286 925
	57 241 755	50 636 315

Ageing of amounts past due but not impaired:

1 month past due	-	504 486
2+ months past due	-	-
	-	504 486

7. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	39 185 828	27 335 871
Availability Charges	14 423 442	12 826 910
Payments in Advance	500 000	500 000
Kai-Kai Development	38 518 630	39 855 849
Previously stated		25 294 065
Correction of Error - Note 43.3		14 561 784
Other Receivables	580	580
	92 628 480	80 519 209
Less: Provision for Debt Impairment	(89 452 205)	(78 713 231)
Total Receivables from non-exchange transactions	3 176 275	1 805 979

The fair value of other receivables approximate their carrying value.

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

(Rates): Ageing

Current (0 - 30 days)	632 378	612 079
31 - 60 Days	340 322	512 901
61 - 90 Days	331 434	407 681
+ 90 Days	37 881 694	25 803 211
Total	39 185 828	27 335 871

(Availability Charges): Ageing

Current (0 - 30 days)	223 309	196 786
31 - 60 Days	152 721	171 870
61 - 90 Days	149 504	157 401
+ 90 Days	13 897 909	12 300 853
Total	14 423 442	12 826 910

RICHTERSVELD MUNICIPALITY

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

Summary of Debtors (Rates) by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government	Total
30 June 2021					
Current (0 - 30 days)	92 459	21 163	63 949	5 474	183 045
31 - 60 Days	92 391	8 549	34 984	-	135 924
61 - 90 Days	92 295	10 767	27 743	-	130 805
+ 90 Days	24 907 685	12 439 250	1 241 625	147 494	38 736 054
Sub-total	25 184 831	12 479 729	1 368 301	152 968	39 185 828
Less: Provision for Debt Impairment					(36 781 907)
Total debtors by customer classification					2 403 921

Summary of Debtors (Rates) by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government	Total
30 June 2020					
Current (0 - 30 days)	91 722	451 439	55 189	13 729	612 079
31 - 60 Days	91 622	360 182	48 028	13 068	512 901
61 - 90 Days	91 529	270 136	42 375	3 641	407 681
+ 90 Days	15 099 721	9 700 383	898 594	104 513	25 803 211
Sub-total	15 374 593,88	10 782 139,75	1 044 186	134 951	27 335 871
Less: Provision for Debt Impairment					(26 157 860)
Total debtors by customer classification					1 178 010

Reconciliation of Provision for Debt Impairment

	2021 R	2020 R
Balance at beginning of year	78 713 231	59 488 115
Previously stated		49 377 191
Correction of Error - Note 43.3		10 110 925
Contribution to provision	12 076 193	19 225 116
Previously stated		14 774 256
Correction of Error - Note 43.3		4 450 860
Reversal of provision	(1 337 219)	-
Balance at end of year	89 452 205	78 713 231
The total amount of this provision is R89 452 205 and consist of:		
Taxes	36 781 907	26 157 860
Availability Charges	14 151 669	12 699 523
Kai-Kai Development	38 518 629	39 855 848
Previously stated		25 294 064
Correction of Error - Note 43.3		14 561 784
Other	-	-
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	89 452 205	78 713 231

Ageing of amounts past due but not impaired:

1 month past due	340 322	512 901
2+ months past due	1 431 221	53 031
	1 771 543	565 932

8. BANK ACCOUNTS

8.1 Cash and Cash Equivalents

Current Accounts	-	-
Call Deposits and Investments	5 521 232	928 330
Cash On-hand	380	380
Total Cash and Cash Equivalents - Assets	5 521 612	928 710

8.2 Liabilities

Current Accounts	(329 293)	(640 678)
Total Cash and Cash Equivalents - Liabilities	(329 293)	(640 678)

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 R3 204 378 are held to fund the Unspent Conditional Grants (2020: R563 803).

The municipality has the following bank accounts:

Current Accounts

RICHTERSVELD MUNICIPALITY

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

First National Bank - Account Number 534 7183 1653 (Primary Bank Account):

<u>(329 293)</u>	<u>(640 678)</u>
<u><u>(329 293)</u></u>	<u><u>(640 678)</u></u>

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R
3.2 Revenue from Investment Property		
Revenue derived from the rental of Investment Property	264 765	230 775
There are no Investment Property which is in the process of being constructed or developed.		
There are no Investment Property that are taking a significantly longer period of time to complete than expected.		
There are no Investment Property where construction or development has been halted.		
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
4. INTANGIBLE ASSETS		
4.1 Net Carrying amount at 1 July	49 054	80 682
Cost	769 227	769 227
Accumulated Amortisation	(720 174)	(688 545)
Accumulated Impairment Loss	-	-
Amortisation	(31 521)	(31 628)
Net Carrying amount at 30 June	17 532	49 054
Cost	769 227	769 227
Accumulated Amortisation	(751 695)	(720 174)
Accumulated Impairment Loss	-	-
There are no Intangible Assets which is in the process of being constructed or developed.		
There are no Intangible Assets that is taking a significantly longer period of time to complete than expected.		
There are no Intangible Assets where construction or development has been halted.		
No intangible asset were assed having an indefinite useful life.		
There are no internally generated intangible assets at reporting date.		
There are no intangible assets whose title is restricted.		
There are no intangible assets pledged as security for liabilities.		
There are no contractual commitments for the acquisition of intangible assets.		
5. INVENTORY		
Consumables	3 780	3 934
Water	9 258	825
Total Inventory	13 037	4 759
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
5.1 Inventories recognise as an expense during the year:		
Consumables	972 670	-
Materials and Supplies	556 600	455 484
Water	637 504	568 597
Total	2 166 774	1 024 081
6. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	3 341 757	3 192 274
Balance previously stated		3 094 577
Correction of Error - Note 43.2		97 698
Water	17 229 686	15 541 887
Balance previously stated		15 482 377
Correction of Error - Note 43.2		59 510
Property Rentals	1 827 174	1 964 858
Balance previously stated		1 959 671
Correction of Error - Note 43.2		5 187
Waste Management	14 817 694	13 661 649
Waste Water Management	13 745 415	12 513 211
Abeyance	1 847 986	2 827 303
Other Arrears	4 444 116	4 169 594
Total: Receivables from exchange transactions (before provision)	57 253 829	53 870 776
Less: Provision for Debt Impairment	(57 241 755)	(50 636 315)
Total: Receivables from exchange transactions (after provision)	12 073	3 234 462

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

The fair value of receivables approximate their carrying value.

(Electricity): Ageing

RICHTERSVELD MUNICIPALITY

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

Net Carrying amount at 30 June

Cost
Accumulated Depreciation
Accumulated Impairment Loss

18 817 051

18 967 200

29 037 220

(3 138 769)

(7 081 400)

29 037 220

(2 988 620)

(7 081 400)

RICHTERSVELD MUNICIPALITY

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

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days

Total

1 034 698	711 502
75 793	401 829
54 420	124 361
2 176 845	1 954 582
<u>3 341 757</u>	<u>3 192 274</u>

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R			
<u>(Water): Ageing</u>					
Current (0 - 30 days)	514 902	397 138			
31 - 60 Days	246 380	377 698			
61 - 90 Days	223 828	295 527			
+ 90 Days	16 244 576	14 471 524			
Total	17 229 686	15 541 887			
<u>(Property Rentals): Ageing</u>					
Current (0 - 30 days)	20 643	23 611			
31 - 60 Days	27 826	18 187			
61 - 90 Days	11 648	14 977			
+ 90 Days	1 767 057	1 908 083			
Total	1 827 174	1 964 858			
<u>(Waste Management): Ageing</u>					
Current (0 - 30 days)	184 320	291 849			
31 - 60 Days	190 064	249 933			
61 - 90 Days	183 288	205 546			
+ 90 Days	14 260 022	12 914 321			
Total	14 817 694	13 661 649			
<u>(Waste Water Management): Ageing</u>					
Current (0 - 30 days)	349 257	345 751			
31 - 60 Days	218 844	268 091			
61 - 90 Days	183 796	207 347			
+ 90 Days	12 993 519	11 692 021			
Total	13 745 415	12 513 211			
<u>(Abeyance): Ageing</u>					
Current (0 - 30 days)	-	888 615			
31 - 60 Days	-	-			
61 - 90 Days	-	-			
+ 90 Days	1 847 986	1 938 687			
Total	1 847 986	2 827 303			
<u>(Other): Ageing</u>					
Current (0 - 30 days)	65 750	71 510			
31 - 60 Days	51 041	135 573			
61 - 90 Days	79 761	30 808			
+ 90 Days	4 247 565	3 931 703			
Total	4 444 116	4 169 594			
<u>(Total): Ageing</u>					
Current (0 - 30 days)	2 169 571	2 729 976			
31 - 60 Days	809 947	1 451 312			
61 - 90 Days	736 741	878 566			
+ 90 Days	53 537 570	48 810 922			
Total	57 253 829	53 870 776			
<u>Summary of Debtors by Customer Classification</u>					
	Other	Residential	Industrial/ Commercial	National and Provincial Government	Total
30 June 2021					
Current (0 - 30 days)	1 072 274	581 839	434 846	190 136	2 279 094
31 - 60 Days	33 387	693 124	74 489	8 948	809 947
61 - 90 Days	27 158	612 129	63 144	1 102	703 533
+ 90 Days	3 102 843	48 037 819	2 257 050	63 542	53 461 254
Sub-total	4 235 661,65	49 924 910,65	2 829 529	263 728	57 253 829
Less: Provision for Debt Impairment					(57 241 755)
Total debtors by customer classification					12 073

RICHTERSVELD MUNICIPALITY

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

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
30 June 2020					
Current (0 - 30 days)	1 129 942	1 190 811	343 143	66 080	2 729 976
31 - 60 Days	79 328	965 323	337 001	69 660	1 451 312
61 - 90 Days	34 874	713 793	117 145	12 754	878 566
+ 90 Days	2 815 647	43 695 229	2 197 753	102 294	48 810 922
Sub-total	<u>4 059 791,41</u>	<u>46 565 155,00</u>	<u>2 995 042</u>	<u>250 788</u>	<u>53 870 776</u>
Less: Provision for Debt Impairment					<u>(50 636 315)</u>
Total debtors by customer classification					<u>3 234 462</u>

Reconciliation of Provision for Debt Impairment

	2021 R	2020 R
Balance at beginning of year	50 636 315	47 216 102
Contribution to provision	5 743 862	2 974 098
VAT on provision	861 579	446 115
Reversal of provision	-	-
Balance at end of year	<u>57 241 755</u>	<u>50 636 315</u>

The total amount of this provision is R57 241 755 and consist of:

Electricity	2 183 311	2 383 450
Water	16 559 088	14 667 248
Refuse	14 769 273	13 258 130
Sewerage	13 516 897	12 040 562
Commonage and Old Service	10 213 187	8 286 925
	<u>57 241 755</u>	<u>50 636 315</u>

Ageing of amounts past due but not impaired:

1 month past due	-	504 486
2+ months past due	-	-
	<u>-</u>	<u>504 486</u>

7. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	39 185 828	27 335 871
Availability Charges	14 423 442	12 826 910
Payments in Advance	500 000	500 000
Kai-Kai Development	38 518 630	39 855 849
Previously stated		25 294 065
Correction of Error - Note 43.3		14 561 784
Other Receivables	580	580
	<u>92 628 480</u>	<u>80 519 209</u>
Less: Provision for Debt Impairment	<u>(89 452 205)</u>	<u>(78 713 231)</u>
Total Receivables from non-exchange transactions	<u>3 176 275</u>	<u>1 805 979</u>

The fair value of other receivables approximate their carrying value.

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

(Rates): Ageing

Current (0 - 30 days)	632 378	612 079
31 - 60 Days	340 322	512 901
61 - 90 Days	331 434	407 681
+ 90 Days	37 881 694	25 803 211
Total	<u>39 185 828</u>	<u>27 335 871</u>

(Availability Charges): Ageing

Current (0 - 30 days)	223 309	196 786
31 - 60 Days	152 721	171 870
61 - 90 Days	149 504	157 401
+ 90 Days	13 897 909	12 300 853
Total	<u>14 423 442</u>	<u>12 826 910</u>

RICHTERSVELD MUNICIPALITY

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

Summary of Debtors (Rates) by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
30 June 2021					
Current (0 - 30 days)	92 459	21 163	63 949	5 474	183 045
31 - 60 Days	92 391	8 549	34 984	-	135 924
61 - 90 Days	92 295	10 767	27 743	-	130 805
+ 90 Days	24 907 685	12 439 250	1 241 625	147 494	38 736 054
Sub-total	25 184 831	12 479 729	1 368 301	152 968	39 185 828
Less: Provision for Debt Impairment					(36 781 907)
Total debtors by customer classification					2 403 921

Summary of Debtors (Rates) by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
30 June 2020					
Current (0 - 30 days)	91 722	451 439	55 189	13 729	612 079
31 - 60 Days	91 622	360 182	48 028	13 068	512 901
61 - 90 Days	91 529	270 136	42 375	3 641	407 681
+ 90 Days	15 099 721	9 700 383	898 594	104 513	25 803 211
Sub-total	15 374 593,88	10 782 139,75	1 044 186	134 951	27 335 871
Less: Provision for Debt Impairment					(26 157 860)
Total debtors by customer classification					1 178 010

Reconciliation of Provision for Debt Impairment

	2021 R	2020 R
Balance at beginning of year	78 713 231	59 488 115
Previously stated		49 377 191
Correction of Error - Note 43.3		10 110 925
Contribution to provision	12 076 193	19 225 116
Previously stated		14 774 256
Correction of Error - Note 43.3		4 450 860
Reversal of provision	(1 337 219)	-
Balance at end of year	89 452 205	78 713 231

The total amount of this provision is R89 452 205 and consist of:

Taxes	36 781 907	26 157 860
Availability Charges	14 151 669	12 699 523
Kai-Kai Development	38 518 629	39 855 848
Previously stated		25 294 064
Correction of Error - Note 43.3		14 561 784
Other	-	-
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	89 452 205	78 713 231

Ageing of amounts past due but not impaired:

1 month past due	340 322	512 901
2+ months past due	1 431 221	53 031
	1 771 543	565 932

8. BANK ACCOUNTS

8.1 Cash and Cash Equivalents

Current Accounts	-	-
Call Deposits and Investments	5 521 232	928 330
Cash On-hand	380	380
Total Cash and Cash Equivalents - Assets	5 521 612	928 710

8.2 Liabilities

Current Accounts	(329 293)	(640 678)
Total Cash and Cash Equivalents - Liabilities	(329 293)	(640 678)

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 R3 204 378 are held to fund the Unspent Conditional Grants (2020: R563 803).

The municipality has the following bank accounts:

Current Accounts

RICHTERSVELD MUNICIPALITY

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

First National Bank - Account Number 534 7183 1653 (Primary Bank Account):

<u>(329 293)</u>	<u>(640 678)</u>
<u>(329 293)</u>	<u>(640 678)</u>

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R
Call Deposits and Investments		
First National Bank - Account Number 620 6266 9521 (Equitable Share Account):	1 548	1 873
First National Bank - Account Number 620 6973 7173 (Leave Gratuity Account):	1 984 610	22 902
First National Bank - Account Number 620 7204 0555 (FMG Account):	15 425	104 003
First National Bank - Account Number 620 9751 5880 (Consumer Deposits Account):	99 416	2 868
First National Bank - Account Number 620 9751 7571 (CRR Account):	221 372	153 077
First National Bank - Account Number 621 1760 8581 (Dev. Housing Account):	1 317	1 317
First National Bank - Account Number 743 3049 9861 (EFT/DBSA Account):	7 530	7 530
First National Bank - Account Number 621 3757 8433 (Projects Account):	1 062	174 962
First National Bank - Account Number 621 3757 7782 (Grants and Subsidies Account):	800	800
First National Bank - Account Number 622 3714 1099 (Library Account):	237 996	39 698
First National Bank - Account Number 622 7711 8313 (MIG Account):	2 918 119	418 247
First National Bank - Account Number 624 2665 8508 (EPWP):	32 038	1 055
	5 521 232	928 330
Details of current account is as follows:		
First National Bank - Account Number 534 7183 1653 (Primary Bank Account):		
Cash book balance at beginning of year	(640 678)	57 772
Cash book balance at end of year	(329 293)	(640 678)
Bank statement balance at beginning of year	485 664	266 575
Bank statement balance at end of year	595 099	485 664
Details of call investment accounts are as follow:		
First National Bank - Account Number 620 6266 9521 (Equitable Share Account):		
Cash book balance at beginning of year	1 873	2 306
Cash book balance at end of year	1 548	1 873
Bank statement balance at beginning of year	1 873	2 328
Bank statement balance at end of year	1 547	1 873
First National Bank - Account Number 620 6973 7173 (Leave Gratuity Account):		
Cash book balance at beginning of year	22 902	31 858
Cash book balance at end of year	1 984 610	22 902
Bank statement balance at beginning of year	22 902	31 858
Bank statement balance at end of year	15 425	22 902
First National Bank - Account Number 620 7204 0555 (FMG Account):		
Cash book balance at beginning of year	104 003	1 000
Cash book balance at end of year	15 425	104 003
Bank statement balance at beginning of year	104 003	1 000
Bank statement balance at end of year	99 416	104 003
First National Bank - Account Number 620 9751 5880 (Consumer Deposits Account):		
Cash book balance at beginning of year	2 868	2 861
Cash book balance at end of year	99 416	2 868
Bank statement balance at beginning of year	2 868	2 864
Bank statement balance at end of year	99 416	2 868
First National Bank - Account Number 620 9751 7571 (CRR Account):		
Cash book balance at beginning of year	153 077	865
Cash book balance at end of year	221 372	153 077
Bank statement balance at beginning of year	153 077	1 000
Bank statement balance at end of year	61 741	153 077
First National Bank - Account Number 621 1760 8581 (Dev. Housing Account):		
Cash book balance at beginning of year	1 317	10 105
Cash book balance at end of year	1 317	1 317
Bank statement balance at beginning of year	1 317	10 170
Bank statement balance at end of year	1 317	1 317
First National Bank - Account Number 743 3049 9861 (EFT/DBSA Account):		
Cash book balance at beginning of year	7 530	7 530
Cash book balance at end of year	7 530	7 530
Bank statement balance at beginning of year	7 530	7 530
Bank statement balance at end of year	7 530	7 530
First National Bank - Account Number 621 3757 8433 (Projects Account):		
Cash book balance at beginning of year	174 962	11 935
Cash book balance at end of year	1 062	174 962

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R
Call Deposits and Investments		
First National Bank - Account Number 620 6266 9521 (Equitable Share Account):	1 548	1 873
First National Bank - Account Number 620 6973 7173 (Leave Gratuity Account):	1 984 610	22 902
First National Bank - Account Number 620 7204 0555 (FMG Account):	15 425	104 003
First National Bank - Account Number 620 9751 5880 (Consumer Deposits Account):	99 416	2 868
First National Bank - Account Number 620 9751 7571 (CRR Account):	221 372	153 077
First National Bank - Account Number 621 1760 8581 (Dev. Housing Account):	1 317	1 317
First National Bank - Account Number 743 3049 9861 (EFT/DBSA Account):	7 530	7 530
First National Bank - Account Number 621 3757 8433 (Projects Account):	1 062	174 962
First National Bank - Account Number 621 3757 7782 (Grants and Subsidies Account):	800	800
First National Bank - Account Number 622 3714 1099 (Library Account):	237 996	39 698
First National Bank - Account Number 622 7711 8313 (MIG Account):	2 918 119	418 247
First National Bank - Account Number 624 2665 8508 (EPWP):	32 038	1 055
	<u>5 521 232</u>	<u>928 330</u>
Details of current account is as follows:		
First National Bank - Account Number 534 7183 1653 (Primary Bank Account):		
Cash book balance at beginning of year	(640 678)	57 772
Cash book balance at end of year	<u>(329 293)</u>	<u>(640 678)</u>
Bank statement balance at beginning of year	485 664	266 575
Bank statement balance at end of year	<u>595 099</u>	<u>485 664</u>
Details of call investment accounts are as follow:		
First National Bank - Account Number 620 6266 9521 (Equitable Share Account):		
Cash book balance at beginning of year	1 873	2 306
Cash book balance at end of year	<u>1 548</u>	<u>1 873</u>
Bank statement balance at beginning of year	1 873	2 328
Bank statement balance at end of year	<u>1 547</u>	<u>1 873</u>
First National Bank - Account Number 620 6973 7173 (Leave Gratuity Account):		
Cash book balance at beginning of year	22 902	31 858
Cash book balance at end of year	<u>1 984 610</u>	<u>22 902</u>
Bank statement balance at beginning of year	22 902	31 858
Bank statement balance at end of year	<u>15 425</u>	<u>22 902</u>
First National Bank - Account Number 620 7204 0555 (FMG Account):		
Cash book balance at beginning of year	104 003	1 000
Cash book balance at end of year	<u>15 425</u>	<u>104 003</u>
Bank statement balance at beginning of year	104 003	1 000
Bank statement balance at end of year	<u>99 416</u>	<u>104 003</u>
First National Bank - Account Number 620 9751 5880 (Consumer Deposits Account):		
Cash book balance at beginning of year	2 868	2 861
Cash book balance at end of year	<u>99 416</u>	<u>2 868</u>
Bank statement balance at beginning of year	2 868	2 864
Bank statement balance at end of year	<u>99 416</u>	<u>2 868</u>
First National Bank - Account Number 620 9751 7571 (CRR Account):		
Cash book balance at beginning of year	153 077	865
Cash book balance at end of year	<u>221 372</u>	<u>153 077</u>
Bank statement balance at beginning of year	153 077	1 000
Bank statement balance at end of year	<u>61 741</u>	<u>153 077</u>
First National Bank - Account Number 621 1760 8581 (Dev. Housing Account):		
Cash book balance at beginning of year	1 317	10 105
Cash book balance at end of year	<u>1 317</u>	<u>1 317</u>
Bank statement balance at beginning of year	1 317	10 170
Bank statement balance at end of year	<u>1 317</u>	<u>1 317</u>
First National Bank - Account Number 743 3049 9861 (EFT/DBSA Account):		
Cash book balance at beginning of year	7 530	7 530
Cash book balance at end of year	<u>7 530</u>	<u>7 530</u>
Bank statement balance at beginning of year	7 530	7 530
Bank statement balance at end of year	<u>7 530</u>	<u>7 530</u>
First National Bank - Account Number 621 3757 8433 (Projects Account):		
Cash book balance at beginning of year	174 962	11 935
Cash book balance at end of year	<u>1 062</u>	<u>174 962</u>

RICHTERSVELD MUNICIPALITY

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

Bank statement balance at beginning of year	174 962	10 914
Bank statement balance at end of year	<u>174 962</u>	<u>174 962</u>

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R			
First National Bank - Account Number 621 3757 7782 (Grants and Subsidies Account):					
Cash book balance at beginning of year	800	1 601			
Cash book balance at end of year	<u>800</u>	<u>800</u>			
Bank statement balance at beginning of year	800	1 601			
Bank statement balance at end of year	<u>800</u>	<u>800</u>			
First National Bank - Account Number 622 3714 1099 (Library Account):					
Cash book balance at beginning of year	39 698	1 001			
Cash book balance at end of year	<u>237 996</u>	<u>39 698</u>			
Bank statement balance at beginning of year	39 698	1 619			
Bank statement balance at end of year	<u>38 137</u>	<u>39 698</u>			
First National Bank - Account Number 622 7711 8313 (MIG Account):					
Cash book balance at beginning of year	418 247	2 607			
Cash book balance at end of year	<u>2 918 119</u>	<u>418 247</u>			
Bank statement balance at beginning of year	418 247	2 607			
Bank statement balance at end of year	<u>32 133</u>	<u>418 247</u>			
First National Bank - Account Number 624 2665 8508 (EPWP):					
Cash book balance at beginning of year	1 055	821			
Cash book balance at end of year	<u>32 038</u>	<u>1 055</u>			
Bank statement balance at beginning of year	1 055	1 000			
Bank statement balance at end of year	<u>1 055</u>	<u>1 055</u>			
9. LONG-TERM BORROWINGS					
Capitalised Lease Liability - At amortised cost	398 278	-			
	<u>398 278</u>	-			
Less: Current Portion transferred to Current Liabilities	<u>(133 148)</u>	-			
Capitalised Lease Liability - At amortised cost	<u>(133 148)</u>	-			
	<u>265 130</u>	-			
Total Long-term Borrowings	<u>265 130</u>	-			
9.1 The obligations under finance leases are scheduled below:		Minimum payments			
Amounts payable under finance leases:					
Payable within one year	181 464	-			
Payable within two to five years	297 500	-			
Payable after five years	-	-			
	<u>478 964</u>	-			
Less: Future finance obligations	<u>(80 687)</u>	-			
Present value of finance lease obligations	<u>398 278</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	Copier	14,70%	0%	3 Years	31/01/2024
Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.					
				2021 R	2020 R
10. NON-CURRENT PROVISIONS				33 727 820	22 811 992
Provision for Rehabilitation of Landfill-sites				<u>33 727 820</u>	<u>22 811 992</u>
Total Non-current Provisions				<u>33 727 820</u>	<u>22 811 992</u>
10.1 Landfill Sites					
Balance 1 July				22 811 992	23 838 741
Contribution for the year				2 950 049	2 128 910
Change in Provision for Rehabilitation Cost				<u>7 965 779</u>	<u>(3 155 658)</u>
Total provision 30 June				<u>33 727 820</u>	<u>22 811 992</u>
Less: Transfer of Current Portion to Current Provisions - Note 13				-	-
Balance 30 June				<u>33 727 820</u>	<u>22 811 992</u>

RICHTERSVELD MUNICIPALITY

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

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

	Port Nolloth	Eksteensfontein	Lekkersing	Kuboes	Sanddrift
Rehabilitation Area (m ²)	52 829	10 156	1 840	440	4 515
Preliminary and general	3 918 502	846 943	285 335	77 238	450 708
Site Clearance and Preparation	61 810	11 883	2 153	515	5 283
Storm Water Control Measures	2 944 313	861 439	403 785	185 987	460 968
Capping	17 450 898	3 386 735	675 605	179 236	1 510 727
Gas Management	-	-	-	-	-
Leachate Management	1 338 416	454 376	195 954	97 573	220 895
Fencing	2 318 424	497 524	478 412	11 999	575 712
Environmental Authorisation (Closure License)	445 500	445 500	445 500	445 500	445 500
Technical ROD	195 000	195 000	195 000	195 000	195 000
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment)	224 685	260 122	433 894	318 363	283 158
Landscape Architects	145 393	135 936	136 709	136 861	138 310
Water use licence	-	-	-	-	-
Topographical Survey	12 081	6 750	6 750	6 750	6 750
Contingencies	2 803 236	605 890	204 124	55 255	322 429
Engineering: Professional Fees	2 975 112	809 295	278 964	106 300	435 127
Site Supervision (Engineer's Representative)	660 605	224 727	169 100	170 820	204 115
Site Supervision (Environmental Control Officer & OHS Agent)	358 093	159 968	144 869	147 616	193 155

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. The estimate cost, based on a current inflation rate of 4,99%, and date of decommission of the sites are as follows:

Location	Estimated decommission date	2021 R	2020 R
Port Nolloth	2033	64 311 621	48 131 581
Eksteensfontein	2033	15 968 607	13 881 892
Lekkersing	2033	7 275 947	6 947 263
Kuboes	2033	3 829 794	3 663 311
Sanddrift	2033	9 772 356	8 900 157
		101 158 325	81 524 204

11. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	1 708 998	1 770 999
Provision for Long Service Awards	1 354 000	1 279 000
Total Non-current Employee Benefits	3 062 998	3 049 999

Post Retirement Health Care Benefits

Balance 1 July	1 991 998	2 109 326
Contribution for the year	162 000	169 955
Expenditure for the year	(181 285)	(207 236)
Actuarial Loss/(Gain)	(83 715)	(80 047)
Total provision 30 June	1 888 998	1 991 998
Less: Transfer of Current Portion to Current Provisions - Note 14	(180 000)	(221 000)
Balance 30 June	1 708 998	1 770 998

Long Service Awards

Balance 1 July	1 466 000	1 465 564
Contribution for the year	234 000	258 309
Expenditure for the year	(87 055)	(70 396)
Actuarial Loss/(Gain)	17 055	(187 477)
Total provision 30 June	1 630 000	1 466 000
Less: Transfer of Current Portion to Current Provisions - Note 14	(276 000)	(187 000)
Balance 30 June	1 354 000	1 279 000

11.1 Provision for Post Retirement Health Care Benefits

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

In-service (employee) members	-	-
In-service (employee) non-members	-	-
Continuation members (e.g. Retirees, widows, orphans)	3	4
Total Members	3	4

2021
R

2020
R

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

In-service members	-	-
In-service non-members	-	-
Continuation members	1 889 000	1 992 000

RICHTERSVELD MUNICIPALITY

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

Total Liability

1 889 000

1 992 000

RICHTERSVELD 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
In-service members	-	-	-
In-service non-members	-	-	-
Continuation members	2 109 328	1 928 449	1 964 289
Total Liability	2 109 328	1 928 449	1 964 289

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

LA Health

The Current-service Cost for the ensuing year is estimated to be R0, whereas the Interest Cost for the next year is estimated to be R160 000.

Key actuarial assumptions used:	2021 %	2020 %
i) Rate of interest		
Discount rate	8,89%	8,58%
Health Care Cost Inflation Rate	6,21%	4,93%
Net Effective Discount Rate	2,52%	3,48%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 65 years (males) and 60 years (females).

iv) Expected rate of salary increases

The three-year Salary and Wage Collective Agreement ended on 30 June 2021. Salary negotiaton is still underway

	2021 R	2020 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1 889 000	1 992 000
Fair value of plan assets	-	-
	<u>1 889 000</u>	<u>1 992 000</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	<u>1 889 000</u>	<u>1 992 000</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 992 000	2 109 328
Total expenses	(19 285)	(37 281)
Current service cost	-	-
Interest Cost	162 000	169 955
Benefits Paid	(181 285)	(207 236)
Actuarial (gains)/losses	(83 715)	(80 047)
Present value of fund obligation at the end of the year	<u>1 889 000</u>	<u>1 992 000</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

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	-	1,889	1,889

RICHTERSVELD 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	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	–	2,045	2,045	8%
Health care inflation	-1%	–	1,750	1,750	-7%
Discount Rate	1%	–	1,754	1,754	-7%
Discount Rate	-1%	–	2,042	2,042	8%
Post-employment mortality	1%	–	1,811	1,811	-4%
Post-employment mortality	-1%	–	1,968	1,968	4%

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	–	162,000	162 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	–	175,000	175 000	8%
Health care inflation	-1%	–	150,000	150 000	-7%
Discount Rate	1%	–	168,000	168 000	4%
Discount Rate	-1%	–	154,000	154 000	-5%
Post-employment mortality	-1%	–	168,000	168 000	4%
				2021 Rm	2020 Rm

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(0,220)	0,129
Assets: Gain / (loss)	–	–

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

	2019 Rm	2018 Rm	2017 Rm
Liabilities: (Gain) / loss	0,083	(0,022)	0,387
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 early stage. There is much uncertainty as to how it will affect mortality, in the medium to long term, and what effect treatments and/or vaccines will have. Once any 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.

11.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 101 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R149 000 whereas the Interest Cost for the next year is estimated to be R135 000.

Key actuarial assumptions used:

i) Rate of interest

Discount rate	9,06%	7,15%
General Salary Inflation (long-term)	5,76%	3,82%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3,12%	3,21%

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

Present value of fund obligations	1 630 000	1 466 000
Fair value of plan assets	–	–
	<u>1 630 000</u>	<u>1 466 000</u>
Unrecognised past service cost	–	–
Unrecognised actuarial gains/(losses)	–	–
Present value of unfunded obligations	–	–
Net liability/(asset)	<u><u>1 630 000</u></u>	<u><u>1 466 000</u></u>

RICHTERSVELD 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	1 466 000	1 465 564
Total expenses	146 945	187 913
Current service cost	136 000	149 468
Vested past service cost	-	-
Interest Cost	98 000	108 841
Benefits Paid	(87 055)	(70 396)
Actuarial (gains)/losses	17 055	(187 477)
Present value of fund obligation at the end of the year	<u>1 630 000</u>	<u>1 466 000</u>

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: 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 2020

	Change	Liability (Rm)	% change
Assumption		1,513	
Central assumptions		1,554	6%
General salary inflation	1%	1,387	-5%
General salary inflation	-1%	1,386	-5%
Discount Rate	1%	1,556	6%
Discount Rate	-1%	1,615	10%
Average retirement age	2 yrs	1,327	-9%
Average retirement age	-2 yrs	1,194	-19%
Withdrawal rates	x2	1,651	13%
Withdrawal rates	x0.5		

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

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	136 000	98 000	234 000

The effect of movements in the assumptions are as follows:

RICHTERSVELD MUNICIPALITY

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

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
General earnings inflation rate	1%	147 000	105 000	252 000	8%
General earnings inflation rate	-1%	126 000	93 000	219 000	-6%
Discount rate	1%	128 000	105 000	233 000	0%
Discount rate	-1%	146 000	90 000	236 000	1%
Average retirement age	2 year	148 000	109 000	257 000	10%
Average retirement age	-2 year	1 240 000	88 000	1 328 000	-9%
Withdrawal rates	x2	101 000	79 000	180 000	-23%
Withdrawal rates	x0.5	162 000	111 000	273 000	17%
				2021	2020
				Rm	Rm

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(0,017)	(0,012)
Assets: Gain / (loss)	-	-

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

	2019 Rm	2018 Rm	2017 Rm
Liabilities: (Gain) / loss	0,036	0,040	(0,166)
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 early stage. There is much uncertainty as to how it will affect mortality, in the medium to long term, and what effect treatments and/or vaccines will have. Once any 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.

11.3 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.

2021
R

2020
R

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 2021 revealed that the fund is in a sound financial position with a funding level of 100,5% (30 June 2020 - 100,5%).

Contributions paid recognised in the Statement of Financial Performance	1 565 778	1 337 461
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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	1 621 439	1 537 996
SAMWU National Provident Fund	1 621 439	1 537 996

12. CONSUMER DEPOSITS

Electricity	1 082 582	1 010 133
Rental Properties	128 686	127 282
Posters	4 801	3 934
Refuse	474 363	445 543
Total Consumer Deposits	1 690 432	1 586 892

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

13. PROVISIONS

Current Portion of Rehabilitation of Landfill Sites - Note 10	-	-
Total Provisions	-	-

The movement in current provisions are reconciled as follows:

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R
13.1 Rehabilitation of Landfill Sites		
Balance at beginning of year	-	-
Transfer from non-current	-	-
Contribution to provision	-	-
Expenditure incurred	-	-
Balance at end of year	<u>-</u>	<u>-</u>
14. CURRENT EMPLOYEE BENEFITS		
Staff Bonuses	824 301	679 182
Staff Leave	2 369 958	2 127 739
Current Portion of Non-Current Provisions	456 000	408 000
Current Portion of Post Retirement Benefits - Note 11	180 000	221 000
Current Portion of Long-Service Provisions - Note 11	276 000	187 000
Total Provisions	<u>3 650 259</u>	<u>3 214 921</u>
The movement in current provisions are reconciled as follows:		
14.1 Staff Bonuses		
Balance at beginning of year	679 182	624 037
Contribution to current portion	1 679 926	1 508 333
Expenditure incurred	(1 534 808)	(1 453 187)
Balance at end of year	<u>824 301</u>	<u>679 182</u>
Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
14.2 Staff Leave		
Balance at beginning of year	2 127 739	1 645 353
Contribution to current portion	397 215	608 294
Expenditure incurred	(154 996)	(125 908)
Balance at end of year	<u>2 369 958</u>	<u>2 127 739</u>
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.		
15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	41 730 505	31 275 211
Balance previously stated		31 482 176
Correction of Error - Note 43.4		(206 965)
Advance Payments	690 931	888 615
Control, Clearing and Interface Accounts	1 874	558 782
Balance previously stated		(356)
Correction of Error - Note 43.4		559 138
Other Payables	266 863	240 330
Retentions	335 006	392 305
Total Trade Payables	<u>43 025 178</u>	<u>33 355 244</u>
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.		
Sundry deposits include Hall, Builders and Housing Deposits.		
16. UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Transfers and Subsidies	4 697 129	1 586 216
National Government Grants	4 578 259	1 282 844
Provincial Government Grants	62 111	246 613
Other Sources	56 759	56 759
Less: Unpaid Transfers and Subsidies	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
Other Sources	-	-
Total Unspent Transfers and Subsidies	<u>4 697 129</u>	<u>1 586 216</u>

RICHTERSVELD MUNICIPALITY

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

See appendix "D" 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.

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R
17. TAXES		
17.1 VAT Payable	(1 195 315)	(450 498)
VAT Output in Suspense	(8 183 345)	(7 428 176)
Balance previously stated		(7 428 176)
Correction of Error - Note 43.10		-
<u>Less:</u> Contribution to Provision for Doubtful Debt Impairment	-	-
Total VAT Payable	(9 378 659)	(7 878 674)
17.2 VAT Receivable	183 528	-
VAT Input in Suspense	9 847 715	7 966 291
Total VAT Receivable	10 031 243	7 966 291
17.3 Net VAT (Payable)/Receivable	652 584	87 617
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
18. NET ASSET RESERVES		
RESERVES	222 689	154 394
Capital Replacement Reserve	221 372	153 077
Housing Development Fund	1 317	1 317
Total Net Asset Reserve and Liabilities	222 689	154 394
18.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
18.2 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.		
19. PROPERTY RATES		
<u>Actual</u>		
Rateable Land and Buildings	20 070 821	19 593 640
Farm Properties	586 523	561 278
Formal and Informal Settlements	-	-
Industrial Property	(9 246)	3 098
Mining Properties	8 552 100	8 183 900
Municipal Properties	19 504	11 210
Residential Properties	8 557 814	8 408 859
Small Holdings	2 076 322	2 149 891
State-owned Properties	287 804	275 404
Total Property Rates	20 070 821	19 593 640
<u>Valuations - 1 July 2021</u>		
Rateable Land and Buildings	1 584 113 400	1 581 785 224
Business and Commercial Property	141 543 000	141 543 000
Industrial Property	11 590 000	11 470 000
Mining Properties	245 630 000	245 630 000
Residential Properties	811 964 400	809 756 224
State-owned Properties	31 000 000	31 000 000
Agricultural Property	342 386 000	342 386 000
Total Assessment Rates	1 584 113 400	1 581 785 224
Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.		
Basic Rate		
Residential	1.1605c/R	1.1605c/R
Commercial and Industrial	1.5403c/R	1.5403c/R
Agriculture	0.1789c/R	0.1789c/R
Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.		
Rebates were granted on land with buildings used solely for dwellings purposes as follows:		
Residential -	- The first R25 000 on the valuation is exempted.	
Indigents -	- The first R75 000 on the valuation is exempted.	
Pensioners -	- 33,3%	
Government -	- 20%	
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R
20. GOVERNMENT GRANTS AND SUBSIDIES		
Government Grants and Subsidies - Operating	23 936 819	21 606 584
Equitable Share	18 383 751	17 077 049
Expanded Public Works Programme Integrated Grant	1 000 000	-
Local Government Financial Management Grant	2 800 000	2 435 000
Municipal Disaster Relief Grant	452 952	42 000
Libraries, Archives and Museums	764 546	1 165 891
Construction, Education and Training SETA	35 571	36 643
Economic Development and Tourism	500 000	850 000
Government Grants and Subsidies - Capital	12 856 838	7 555 156
Municipal Disaster Relief Grant	1 775 739	-
Municipal Infrastructure Grant	1 474 613	6 057 249
Libraries, Archives and Museums	39 956	-
Water Services Infrastructure Grant	9 566 529	1 497 907
Total Government Grants and Subsidies	36 793 657	29 161 740
Included in above are the following grants and subsidies received:		
Unconditional	18 383 751	17 077 049
Equitable Share	18 383 751	17 077 049
Conditional	18 409 906	12 084 691
Local Government Financial Management Grant	2 800 000	2 435 000
Expanded Public Works Programme Integrated Grant	1 000 000	-
Libraries, Archives and Museums	804 502	1 165 891
Economic Development and Tourism	500 000	850 000
Construction, Education and Training SETA	35 571	36 643
Municipal Infrastructure Grant	1 474 613	6 057 249
Municipal Disaster Relief Grant	2 228 691	42 000
Water Services Infrastructure Grant	9 566 529	1 497 907
Total Government Grants and Subsidies	36 793 657	29 161 740
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	20 612 442	17 077 049
Executive and Council	35 571	78 643
Finance and Administration	4 300 000	3 285 000
Community and Social Services	804 502	1 165 891
Road Transport	1 474 613	6 057 249
Water Management	9 566 529	1 497 907
Total Government Grants and Subsidies	36 793 657	29 161 740
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.		
20.1 Equitable Share		
Opening balance	-	-
Correction of Error	-	-
Grants received	18 383 751	17 077 049
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(18 383 751)	(17 077 049)
Conditions met - Capital	-	-
Conditions still to be met	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
20.2 Local Government Financial Management Grant (FMG)		
Opening balance	-	46 854
Correction of Error	-	-
Grants received	2 800 000	2 435 000
Interest received	-	-
Repaid to National Revenue Fund	-	(46 854)
Conditions met - Operating	(2 800 000)	(2 435 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

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

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R
20.3 <u>Municipal Infrastructure Grant (MIG)</u>		
Opening balance	1 280 751	-
Correction of Error	-	-
Grants received	5 531 000	7 338 000
Interest received	-	-
Repaid to National Revenue Fund	(1 280 751)	-
Conditions met - Operating	-	-
Conditions met - Capital	(1 474 613)	(6 057 249)
Conditions still to be met	<u>4 056 387</u>	<u>1 280 751</u>
The Municipal Infrastructure Grant is used for approved capital projects.		
20.4 <u>Integrated National Electrification Grant</u>		
Opening balance	-	3 757 195
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	(3 757 195)
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>0</u>
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
20.5 <u>Expanded Public Works Programme Integrated Grant</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	1 000 000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 000 000)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>
The EPWP Grant was used for job creation.		
20.6 <u>Municipal Disaster Grant</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	2 315 000	42 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(452 952)	(42 000)
Conditions met - Capital	(1 775 739)	-
Conditions still to be met	<u>86 309</u>	<u>-</u>
The Municipal Disaster Grant was used to fund Covid-19 expenditure.		
20.7 <u>Water Services Infrastructure Grant</u>		
Opening balance	2 093	-
Correction of Error	-	-
Grants received	-	1 500 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(1 497 907)
Conditions still to be met	<u>2 093</u>	<u>2 093</u>
The grant was used to construct water infrastructure.		
20.8 <u>Libraries, Archives and Museums</u>		
Opening balance	246 613	184 504
Correction of Error	-	-
Grants received	620 000	1 228 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(764 546)	(1 165 891)
Conditions met - Capital	(39 956)	-
Conditions still to be met	<u>62 111</u>	<u>246 613</u>
The grant was used to finance library activities.		

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R
20.9 Economic Development and Tourism		
Opening balance	-	-
Correction of Error	-	-
Grants received	500 000	850 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(500 000)	(850 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<u>-</u>	<u>-</u>
The grant was used for the festival in Port Nolloth.		
20,10 Water Bulk Infrastructure Grant		
Opening balance	-	-
Correction of Error	-	-
Grants received	10 000 000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(9 566 529)	-
Conditions still to be met	433 471	-
	<u>433 471</u>	<u>-</u>
The grant was used for infrastructure projects.		
20.11 Alexkor		
Opening balance	56 759	56 759
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	56 759	56 759
	<u>56 759</u>	<u>56 759</u>
The grant was used for various projects.		
20.12 Construction, Education and Training SETA		
Opening balance	-	-
Correction of Error	-	-
Grants received	35 571	36 643
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(35 571)	(36 643)
Conditions met - Capital	-	-
Conditions still to be met	-	-
	<u>-</u>	<u>-</u>
20.13 Total Grants		
Opening balance	1 586 216	4 045 313
Correction of Error	-	-
Grants received	41 185 322	30 506 692
Interest received	-	-
Repaid to National Revenue Fund	(1 280 751)	(3 804 049)
Conditions met - Operating	(23 936 820)	(21 606 584)
Conditions met - Capital	(12 856 838)	(7 555 156)
Conditions still to be met/(Grant expenditure to be recovered)	4 697 129	1 586 216
	<u>4 697 129</u>	<u>1 586 216</u>
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	4 697 129	1 586 216
Unpaid Conditional Government Grants and Receipts	-	-
Total	<u>4 697 129</u>	<u>1 586 216</u>
21. PUBLIC CONTRIBUTIONS AND DONATIONS		
Donations	576 680	576 680
Total Public Contributions and Donations	<u>576 680</u>	<u>576 680</u>
22. AVAILABILITY CHARGES		
Electricity	729 805	696 792
Water	1 375 007	1 318 395
Waste Management	281 700	409 367
Waste Water Management	1 132 024	1 095 207
Total Availability Charges	<u>3 518 536</u>	<u>3 519 761</u>

RICHTERSVELD MUNICIPALITY

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

23. LICENCES AND PERMITS

Trading	7 537	4 420
Road and Transport	-	-
Total Licences and Permits	<u>7 537</u>	<u>4 420</u>

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R
<u>Disclosed as follows:</u>		
Revenue from Non-Exchange Transactions	-	-
Revenue from Exchange Transactions	7 537	4 420
Total Licences and Permits	7 537	4 420
24. SERVICE CHARGES		
Electricity	13 392 356	10 988 435
Service Charges	13 411 096	11 296 989
Balance previously stated		11 199 292
Correction of Error - Note 43.2		97 698
<u>Less:</u> Revenue Forgone	(18 740)	(308 555)
Water	3 771 555	4 117 697
Service Charges	4 543 986	4 631 731
Balance previously stated		4 572 221
Correction of Error - Note 43.2		59 510
<u>Less:</u> Revenue Forgone	(772 430)	(514 034)
Waste Management	1 924 491	2 050 059
Service Charges	3 417 863	3 386 431
<u>Less:</u> Revenue Forgone	(1 493 373)	(1 336 372)
Waste Water Management	2 074 607	2 355 333
Service Charges	3 470 696	3 585 017
<u>Less:</u> Revenue Forgone	(1 396 089)	(1 229 684)
Total Service Charges	21 163 009	19 511 524
Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
25. SALES OF GOODS AND RENDERING OF SERVICES		
Academic Services	-	-
Advertisements	22 519	26 133
Building Plan Clause Levy	58 466	72 123
Camping Fees	481 325	901 494
Cemetery and Burial	9 397	3 584
Entrance Fees	35	3 237
Management Fees	31 872	49 982
Photocopies and Faxes	3 446	1 821
Scrap, Waste & Other Goods	23 363	12 696
Total Sales of Goods and Rendering of Services	630 423	1 071 069
26. RENT ON LAND		
Land	103 486	92 610
Grazing Fees	103 486	92 610
Undeveloped Land	-	-
Servitudes	301 164	301 164
Total Rent on Land	404 649	393 774
27. RENTAL FROM FIXED ASSETS		
Investment Property	264 765	230 775
Property, Plant and Equipment	11 596	15 304
Balance previously stated		10 117
Correction of Error - Note 43.6		5 187
Total Rental from Fixed Assets	276 361	246 079
28. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	142 350	168 975
Balance previously stated		168 975
Correction of Error - Note 43.6		-
Total Interest Earned - External Investments	142 350	168 975
29. INTEREST EARNED - EXCHANGE TRANSACTIONS		
Trade Receivables	3 098 238	2 298 393
Total Interest Earned - Outstanding Receivables	3 098 238	2 298 393

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R
30. OPERATIONAL REVENUE		
Commission	14 686	28 424
Incidental Cash Surpluses	711	(88)
Insurance Refund	8 309	43 094
Request for Information	11 519	11 576
Total Operational Revenue	35 226	83 005
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	35 226	83 005
Revenue from Non-Exchange Transactions	-	-
Total Operational Revenue	35 226	83 005
31. EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	21 664 751	20 491 343
Balance previously reported		20 533 647
Correction of Error - Note 43.5		(42 303)
Pension and UIF Contributions	3 420 533	3 145 025
Medical Aid Contributions	581 447	588 378
Overtime	867 301	1 138 511
Bonuses	1 679 926	1 508 333
Motor Vehicle Allowance	496 509	252 332
Cell Phone Allowance	30 036	48 065
Housing Allowances	322 739	223 653
Other benefits and allowances	436 041	440 827
Payments in lieu of leave	397 215	608 294
Post-retirement Benefit Obligations	234 010	422 104
	30 130 510	28 866 866
<u>Less:</u> Employee Costs allocated elsewhere	-	-
Cost Capitalised to PPE	-	-
Cost allocated to Inventory	-	-
Total Employee Related Costs	30 130 510	28 866 866
KEY MANAGEMENT PERSONNEL		
The Municipal Manager is appointed on 5-year fixed contract. The rest of key management is appointed on a full-time basis. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - Mr SC Adams</i>		
Basic Salary	652 286	-
Acting Allowance	12 327	83 396
Contributions to UIF, Medical and Pension Funds	196 888	-
Annual Bonus	54 357	-
Motor Vehicle Allowance	146 556	-
Leave	90 024	-
Housing Allowances	39 137	-
Other benefits and allowances	231 961	-
Total	1 423 536	83 396
<i>Remuneration of the Chief Financial Officer - D Moshobane</i>		
Basic Salary	376 183	-
Contributions to UIF, Medical and Pension Funds	106 517	-
Housing Allowances	35 000	-
Motor Vehicle Allowance	113 927	-
Cell Phone Allowance	12 036	-
Other benefits and allowances	6 771	-
Total	650 434	-
<i>Remuneration of the Chief Financial Officer - HA Raymond (Acting)</i>		
Acting Allowance	-	85 896
Total	-	85 896
<i>Remuneration of the Chief Financial Officer - L Young (Acting)</i>		
Acting Allowance	75 717	40 109
Total	75 717	40 109
<i>Remuneration of Manager: Corporate Services - LS Cloete (Acting)</i>		
Acting Allowance	357 776	62 577
Total	357 776	62 577
<i>Remuneration of Manager: Strategic Planning - SC Adams</i>		
Basic Salaries and Wages	-	468 876
Contributions to UIF, Medical and Pension Funds	-	158 679

RICHTERSVELD MUNICIPALITY

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

Motor Vehicle Allowance	-	165 884
Cell Phone Allowance	-	5 400
Housing Allowances	-	12 913
Other benefits and allowances	-	46 911
Annual Bonus	-	22 793
Total	-	881 456

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R			
Remuneration of Manager: Infrastructure - I Cloete					
Basic Salary	489 038	351 657			
Pension and UIF Contributions	1 903	22 522			
Motor Vehicle Allowance	236 026	139 922			
Cell Phone Allowance	18 000	13 500			
Housing Allowances	29 342	29 189			
Other benefits and allowances	111 497	-			
acting allowance	29 385	-			
Annual Bonus	40 753	-			
Total	955 944	556 790			
Remuneration of Manager: Infrastructure - B Williams (Acting)					
Acting Allowance	-	41 190			
Total	-	41 190			
32. REMUNERATION OF COUNCILLORS					
AM Jansen	895 847	800 958			
G Beukes	316 108	281 363			
WJP Links	316 108	281 363			
R Jonker	301 002	281 363			
S Isaaks	327 820	281 363			
A Bock	301 002	281 363			
CJ Stuurman	301 002	281 363			
Total Councillors' Remuneration	2 758 889	2 489 136			
Remuneration paid to Councillors can be summarised as follow:					
	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	651 187	200 560	44 100	-	895 847
Councillors	1 205 909	380 821	264 600	11 712	1 863 042
Total Councillors' Remuneration	1 857 096	581 381	308 700	11 712	2 758 889
33. CONTRACTED SERVICES					
Consultants and Professional Services	2 364 977	1 814 226			
Business and Advisory	1 848 974	1 638 717			
Business and Financial Management	1 767 104	1 534 679			
Occupational Health and Safety	81 870	35 654			
Valuer and Assessors	-	68 385			
Laboratory Services	158 191	45 996			
Water	158 191	45 996			
Legal Cost	357 812	129 513			
Collection	344 702	129 513			
Contractors	3 143 636	2 607 176			
Catering Services	39 436	3 771			
Maintenance of Buildings and Facilities	1 224	9 700			
Maintenance of Equipment	2 785 150	2 388 146			
Previously stated		923 584			
Correction of Error - Note 43.5		1 464 562			
Maintenance of Unspecified Assets	223 991	164 012			
Tracing Agents and Debt Collectors	3 983	10 478			
Safeguard and Security	63 950	31 069			
Total Contracted Services	5 508 613	4 421 402			
34. DEPRECIATION AND AMORTISATION					
Property, Plant and Equipment	10 637 212	9 251 299			
Intangible Assets	31 521	31 628			
Investment Property carried at cost	150 149	150 560			
Total Depreciation and Amortisation	10 818 883	9 433 487			
35. FINANCE COSTS					
Long-term Borrowings	20 743	5 691			
Non-current Provisions	2 950 049	2 128 910			
Non-current Employee Benefits	162 000	-			
Payables	2 678 714	1 029 901			
Kai-Kai Development	1 337 219	-			
Total Finance Costs	7 148 725	3 164 502			
36. BULK PURCHASES					
Electricity	16 152 227	14 822 550			

RICHTERSVELD MUNICIPALITY

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

Total Bulk Purchases

16 152 227

14 822 550

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R
37. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	47 615	32 356
Assets less than the Capitalisation Threshold	5 998	7 449
Audit Fees	1 325 313	1 178 907
Bank Charges, Facility and Card Fees	162 181	143 660
Commission	497 508	458 104
Courier and Delivery Services	19 123	34 582
Communication	494 253	465 373
Eskom Connection Fees	66 134	25 525
Entertainment	47 861	256 282
External Computer Service	1 285 201	702 884
Insurance Underwriting	1 258 570	1 063 322
Licences	113 774	93 916
Printing, Publications and Books	293 666	51 286
Professional Bodies, Membership and Subscription	511 659	521 784
Remuneration to Ward Committees	214 000	209 000
Signage	-	900
Skills Development Fund Levy	232 935	280 687
Travel and Subsistence	1 116 415	1 236 781
Uniform and Protective Clothing	239 867	185 833
Wet Fuel	899 299	1 003 026
Total Operational Costs	8 831 372	7 951 657
38. REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 6	(5 743 862)	(2 974 098)
Receivables from Non-exchange Revenue - Note 7	(10 738 974)	(19 225 116)
Previously stated		(14 774 256)
Correction of Error - Note 43.5		(4 450 860)
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	(16 482 836)	(22 199 213)
39. GAINS/ (LOSS) ON SALE OF FIXED ASSETS		
Property, Plant and Equipment	(213 349)	(202 496)
Total Gains/ (Loss) on Sale of Fixed Assets	(213 349)	(202 496)
40. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS		
Intangible Assets	-	-
Investment Property	-	-
Property, Plant and Equipment	-	-
Less: Allocated against Provision for Rehabilitation of Landfill-Sites - Note 10	-	-
Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets	-	-
41. WATER LOSSES		
Real Losses	133 166	138 757
Total Water Losses	133 166	138 757
42. 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. The reclassification of 2020 audited amounts can be summarised as follows:

	Balance previously reported	Adjustments	Restated Balance
Statement of Financial Position			
Capital Replacement Reserve	153 077	-	153 077
Housing Development Fund	1 317	-	1 317
Accumulated Surplus/(Deficit)	136 972 306	-	136 972 306
Non-current Provisions	22 811 992	-	22 811 992
Non-current Employee Benefits	3 049 999	-	3 049 999
Consumer Deposits	1 586 892	-	1 586 892
Current Employee Benefits	3 214 921	-	3 214 921
Trade and Other Payables from Exchange Transactions	33 003 070	-	33 003 070
Unspent Transfers and Subsidies	1 586 216	-	1 586 216
Cash and Cash Equivalents	640 678	-	640 678
Property, Plant and Equipment	178 105 083	-	178 105 083
Investment Property	18 967 200	-	18 967 200
Intangible Assets	49 054	-	49 054
Inventory	4 759	-	4 759
Receivables from exchange transactions	3 072 067	-	3 072 067
Receivables from non-exchange transactions	1 805 979	-	1 805 979
Taxes	87 617	-	87 617
Cash and Cash Equivalents	928 710	-	928 710
			0

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

RICHTERSVELD MUNICIPALITY

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

	Balance previously reported	Adjustments	Restated Balance
Statement of Financial Performance			
Property Rates	19 593 640	-	19 593 640
Government Grants and Subsidies	29 161 740	-	29 161 740
Public Contributions and Donations	576 680	-	576 680
Contributed Property, Plant and Equipment	482 217	-	482 217
Actuarial Gains	267 524	-	267 524
Availability Charges	3 519 761	-	3 519 761
Fines, Penalties and Forfeits	37 100	-	37 100
Interest Earned - Non-exchange Transactions	1 427 144	-	1 427 144
Service Charges	19 354 317	-	19 354 317
Sales of Goods and Rendering of Services	1 071 069	-	1 071 069
Rent on Land	393 774	-	393 774
Rental from Fixed Assets	240 891	-	240 891
Interest Earned - external investments	168 975	-	168 975
Interest Earned - Exchange Transactions	2 298 393	-	2 298 393
Licences and Permits	4 420	-	4 420
Agency Services	66 769	-	66 769
Operational Revenue	83 005	-	83 005
Employee related costs	(28 909 170)	-	(28 909 170)
Remuneration of Councillors	(2 489 136)	-	(2 489 136)
Bad Debts Written Off	(2 112 995)	-	(2 112 995)
Contracted Services	(2 956 840)	-	(2 956 840)
Depreciation and Amortisation	(9 433 488)	-	(9 433 488)
Finance Costs	(3 164 502)	-	(3 164 502)
Bulk Purchases	(14 822 550)	-	(14 822 550)
Inventory Consumed	(1 162 838)	138 757	(1 024 081)
Operating Leases	(1 923 689)	-	(1 923 689)
Operational Costs	(7 951 657)	-	(7 951 657)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(17 748 354)	-	(17 748 354)
Gains/(Loss) on Sale of Fixed Assets	(202 496)	-	(202 496)
Water Losses	-	(138 757)	(138 757)
Net Surplus/(Deficit) for the year	(14 130 295)	-	(14 130 295)

43. CORRECTION OF ERROR IN TERMS OF GRAP 3

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

	2021 R	2020 R
43.1 Property, Plant and Equipment		
Balance previously reported		178 105 083
Cost	-	(1 683 336)
Repayment of retention incorrectly recorded as capital expenditure - Note 2	-	(218 774)
Operating Expenditure incorrectly capitalised in 2019/2020 - Note 2	-	(1 464 562)
Restated Balance	-	176 421 747
Expenditure recognised incorrectly as capital expenditure in prior year.		
43.2 Receivables from Exchange Transactions		
Balance previously reported	-	3 072 067
Correction of Consumer Accounts in 2019/2020 - Note 6	-	2 078
Correction of Estimate Consumer Consumption in 2019/2020 - Note 6	-	160 317
Restated Balance	-	3 234 462
Correction of Consumer Accounts and Estimate Consumer Consumption		
43.3 Receivables from Non-Exchange Transactions		
Balance previously reported	-	1 805 979
Correction of Kai-Kai Development in periods before 1 July 2019 - Note 7	-	10 110 925
Correction of Kai-Kai Development in 2019/2020 - Note 7	-	4 450 860
Correction of Provision for Debt Impairment for Kai-Kai Development in periods before 1 July 2019 - Note 7	-	(10 110 925)
Correction of Provision for Debt Impairment for Kai-Kai Development in 2019/2020 - Note 7	-	(4 450 860)
Restated Balance	-	1 805 979
Correction of Kai-Kai Development.		
43.4 Trade and Other Payables from Exchange Transactions		
Balance previously reported	-	33 003 070
Retentions not recognised in periods before 1 July 2019 - Note 15	-	437 547
Repayment of retention incorrectly recorded as capital expenditure in 2019/20 - Note 2	-	(218 774)
Correction of prior period balances as a result of periods not closed in periods before 1 July 2019 - Note 15	-	559 138
Correction of payable accounts in periods before 1 July 2019 - Note 15	-	(383 435)
Correction of payable accounts in 2019/20 - Note 15	-	(42 303)
Restated Balance	-	33 355 244
Correction of prior year Creditors.		

RICHTERSVELD MUNICIPALITY

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

		2021 R	2020 R	
43.5 Accumulated Surplus/(Deficit) - 1 July 2019				
Correction of Kai-Kai Development in periods before 1 July 2019 - Note 43.3		-	10 110 925	
Correction of Provision for Debt Impairment for Kai-Kai Development in periods before 1 July 2019 - Note 43,3		-	(10 110 925)	
Retentions not recognised in periods before 1 July 2019 - Note 43.4		-	(437 547)	
Correction of prior period balances as a result of periods not closed in periods before 1 July 2019 - Note 43,4		-	(559 138)	
Correction of Payables in periods before 1 July 2019 - Note 43.4		-	383 435	
Total		-	(613 250)	
43.6 Changes to Statement of Financial Performance				
Movement on operating account as a result of misstatements in prior years and GRAP standards not implemented in prior years:				
	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property Rates		19 593 640	-	19 593 640
Government Grants and Subsidies		29 161 740	-	29 161 740
Public Contributions and Donations		576 680	-	576 680
Availability Charges		3 519 761	-	3 519 761
Fines, Penalties and Forfeits		37 100	-	37 100
Interest Earned - Non-exchange Transactions	43.4	1 427 144	4 450 860	5 878 003
Service Charges	43.2	19 354 317	157 207	19 511 524
Sales of Goods and Rendering of Services		1 071 069	-	1 071 069
Rental from Fixed Assets	43.2	634 665	5 187	639 852
Interest Earned - External Investments		168 975	-	168 975
Interest Earned - Exchange Transactions		2 298 393	-	2 298 393
Licences and Permits from Exchange Transactions		4 420	-	4 420
Agency Services		66 769	-	66 769
Operational Revenue		83 005	-	83 005
Total		78 747 419	4 613 254	83 360 674
Expenditure				
Employee related costs	43.3	(28 909 170)	42 303	(28 866 866)
Remuneration of Councillors		(2 489 136)	-	(2 489 136)
Contracted Services	43.1	(2 956 840)	(1 464 562)	(4 421 402)
Depreciation and Amortisation		(9 433 488)	-	(9 433 488)
Actuarial Losses		-	-	-
Finance Costs		(3 164 502)	-	(3 164 502)
Bulk Purchases		(14 822 550)	-	(14 822 550)
Inventory Consumed		(1 024 081)	-	(1 024 081)
Operating Leases		(1 923 689)	-	(1 923 689)
Operational Costs		(7 951 657)	-	(7 951 657)
Total		(74 788 108)	(1 422 259)	(76 210 367)
Gains and Losses				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	43.4	(17 748 354)	(4 450 860)	(22 199 213)
Gains/(Loss) on Sale of Fixed Assets		(202 496)	-	(202 496)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		-	-	-
Water Losses		(138 757)	-	(138 757)
Total		(18 089 606)	(4 450 860)	(22 540 466)
Net Surplus/(Deficit) for the year		(14 130 295)	(1 259 864)	(15 390 159)
		2021 R	2020 R	
43.7 Changes to Cash Flow Statement				
Cash flow from Operating Activities				
Suppliers and Employees				
Balance previously reported			-	(44 395 798)
Correction of movement in capital amounts			-	697 588
Restated Balance			-	(43 698 210)
Cash flow from Investing Activities				
Purchase of Property, Plant and Equipment				
Balance previously reported			-	(9 387 023)
Correction of movement in capital amounts			-	(697 588)
Restated Balance			-	(10 084 611)
Correction of cash movement on capital acquisitions.				
44. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS				
Surplus/(Deficit) for the year		(13 881 870)		(15 390 159)
Adjustments for:				

RICHTERSVELD MUNICIPALITY

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

Depreciation and Amortisation	10 818 883	9 433 487
Loss/(Gain) on Sale of Fixed Assets	312 576	202 496
Contributed Property, Plant and Equipment	-	(482 217)
Government Grants and Subsidies received	41 185 322	30 506 692
Government Grants and Subsidies recognised as revenue	(36 793 657)	(29 161 740)
Government Grants repaid to National Revenue Fund	(1 280 751)	(3 804 049)
Contribution to provisions – Non-Current Provisions	2 950 049	2 128 910
Contribution from/to provisions - Non-Current Employee Benefits	127 660	150 632
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(66 660)	(267 524)
Contribution from/to - Current Employee Benefits	387 338	537 531
Contribution to provisions – Bad Debt	17 344 415	18 194 468
Bad Debts written off	916 791	2 112 995
	<hr/>	<hr/>
Operating Surplus/(Deficit) before changes in working capital	22 020 096	14 161 522
Changes in working capital	(6 664 656)	(3 851 370)
	<hr/>	<hr/>
Increase/(Decrease) in Trade and Other Payables	10 317 704	17 635 882
Increase/(Decrease) in Taxes	(564 967)	(390 814)
(Increase)/Decrease in Inventory	(8 279)	5 929
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(4 299 843)	(6 156 980)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	(12 109 271)	(14 945 387)
	<hr/>	<hr/>
Cash generated/(absorbed) by operations	15 355 440	10 310 152

RICHTERSVELD MUNICIPALITY

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

	2021 R	2020 R
46. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 8	(329 293)	(640 678)
Call Deposits and Investments - Note 8	5 521 232	928 330
Cash Floats - Note 8	380	380
Total cash and cash equivalents	5 192 320	288 032
46. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 45	5 192 320	288 032
Less:	(3 501 815)	(1 135 718)
Unspent Transfers and Subsidies - Note 16	(4 697 129)	(1 586 216)
VAT - Note 17	1 195 315	450 498
Net cash resources available for internal distribution	1 690 505	(847 686)
Allocated to:		
Capital Replacement Reserve	(221 372)	(153 077)
Resources available for working capital requirements	1 469 133	(1 000 763)
47. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 9	398 278	-
Used to finance property, plant and equipment - at cost	(398 278)	-
	-	-
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.

48. BUDGET INFORMATION

48.1 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 5%: Final Budget and Actual Amounts

48.2 Statement of Financial Position

48.2.1 Current Assets

Cash

The under expenditure of MIG, has allowed for a larger cash balance as at 30.06.2021. The municipality budgeted for full expenditure on grants, however this did not realise

Consumer Debtors

Unemployment, the inability of consumers to be able to pay their accounts has increased. The impact of Covid has also had a detrimental effect where people are focussing on their immediate needs. The municipality is embarking on a new credit control procedure that will have a positive effect on collections

Other Debtors

Unemployment, the inability of consumers to be able to pay their accounts has increased. The impact of Covid has also had a detrimental effect where people are focussing on their immediate needs. The municipality is embarking on a new credit control procedure that will have a positive effect on collections

Inventory

Obsolete stock was removed from asset register. A full reconciliation was completed on inventory. The municipality had a larger water inventory as at 30.06.2021 as expected.

48.2.2 Non-Current Assets

Intangible Assets

No new additions, loss with respect to depreciation.

48.2.3 Current Liabilities

Bank Overdraft

The municipality has experienced severe cash constraints as a result of under collection from debtors as a result of high unemployment rates, mines being closed etc.

Borrowing

The municipality entered into a financial lease for photocopier machines with Nashua

Consumer Deposits

Due to the resolution that the municipality is no longer opening new accounts in the name of someone who is renting.

RICHTERSVELD MUNICIPALITY

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

Trade and Other Payables

As a result of cash constraints, due to under collection of revenue, the municipality was unable to pay all of its creditors . The impact of Covid on the community has also negatively impacted the municipality and directly impacting our ability to pay creditors

RICHTERSVELD MUNICIPALITY

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

Provisions

Staff leave taken for the financial year dsatically decreased, thus the provision for leave is higher than anticipated.

48.2.4 Non-Current Liabilities

Borrowing

A new financial lease was entered into with Nashua for photocopier machines

Provisions

The rehabilitation of landfill sites is far more than anticipated.

48.2.5 Net Assets

Accumulated Surplus/(Deficit)

As a result of expenditure being more than anticipated, it has a direct impact on the Accumulated Surplus.

Reserves

As a result of low cashflow there was no enough money to put aside in reserves. CRR was utilised throughout the year

Statement of Financial Performance

48.2.6 Revenue

Property Rates

The new valuation roll was implemented 1 July 2019, which had an effect on the tariffs and was more than anticipated.

Service Charges - Electricity Revenue

The result of unemployment, Covid has had a direct impact on revenue. Consumers are being more conservative with their use of electricity

Service Charges - Water Revenue

The result of unemployment, Covid has had a direct impact on revenue. Consumers are being more conservative with their use of water. Consumers have also with the assistance of municipality tended to water leaks previously ignored

Service Charges - Sanitation Revenue

The amount was under estimated as a result of previous years figures and thus a lower income was expected

Service Charges - Refuse Revenue

The amount was under estimated as a result of previous years figures and thus a lower income was expected

Rental of Facilities and Equipment

The the rental of machinery was less than expected, thus a lower income was received as anticipated

Interest Earned - External Investments

Funds were left in Investment accounts as long as possible to generate as much interest as possible.

Interest Earned - Outstanding Debtors

The inability of debtors to pay their accounts in these economic hardships, has caused an increase in interest on debtors accounts

Fines

There was an increase in building laws transgression, thus more fines.

Licences and Permits

More local shopkeepers abided by bylaws and took out trading permits with municipality.

Agency Services

There was a slight increase i.r.o. consumers transacting in respect of vehicle licencing etc

Transfers Recognised - Operational

The donation from Alexkor contractor was incorrectly classified as a grant in budget, the municipality did not receive the whole Library allocation. Only R620 000 was received. Also the municipality did not receive the R42 000 as budgeted,

Other Revenue

Closing of the caravan park as a result of Covid, has had a sever impact on other revenue

48.2.7 Expenditure

Employee Related Costs

Employee related costs were more as anticipated as a result of overtime, and acting allowances. The impact of covid on staff availability also led

Debt Impairment

Consumers are not paying their accounts, thus the municipality has to impair a very large sum of the anticipated revenue.

Depreciation and Asset Impairment

Budgeted amount was less than actual as a result of incorrect budgeting.

Finance Charges

As a result of liquidity issues, the municipality was unable to pay creditors on time. This has led to interest on outstanding accounts.

Other Materials

Repairs and maintenance on assets was more than anticipated for the year

RICHTERSVELD MUNICIPALITY

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

Contracted Services

Repairs and maintenance on assets was more than anticipated for the year

Other Expenditure

The main expenses contributing to this are Commission on prepaid, computer licences and insurances, which had significant increase in relation previous years expenditure. The budgeting was based on conservative use of previous years figures, however this was exceeded by actual

Loss on Disposal of PPE

Municipality did not budget for renewal of assets

Cash Flow Statement

48.2.8 Net Cash from Operating Activities

Taxation

As a result of unemployment and also the new valuation roll being implemented last year consumers were hesitant to pay their property taxes. Action is being taken.

Service Charges

The under collection in service charges relates directly to the high unemployment rate, also the effect of covid through job losses

Government - Operating

The donation from Alexkor contractor was incorrectly classified as a grant in budget, the municipality did not receive the whole Library allocation. Only R620 000 was received.

Interest

Funds were left in Investment accounts as long as possible to generate as much interest as possible.

Finance costs

As a result of cash constraints, due to under collection of revenue, the municipality was unable to pay all of its creditors. Result, interest being charged on overdue account.

48.2.9 Net Cash from Investing Activities

Capital Assets

Under expenditure of grants

48.2.10 Net Cash from Financing Activities

Increase/(Decrease) in Consumer Deposits

With not many new properties built, there was an under receipt of consumer deposits. Also the council resolution not allowing tenant to open

Repayment of Borrowing

The municipality entered into a financial lease with Nashua for photocopier machines

2021
R

2020
R

49. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

49.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	91 344 392	72 763 342
Correction of prior period error	-	-
Restated opening balance	91 344 392	72 763 342
Unauthorised expenditure current year - operational	20 050 050	18 581 050
Unauthorised expenditure current year - capital	-	-
Approved by Council or condoned	-	-
Current	-	-
Prior Period	-	-
Transfer to receivables for recovery	-	-
Current	-	-
Prior Period	-	-
Unauthorised expenditure awaiting authorisation	<u>111 394 442</u>	<u>91 344 392</u>

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Over expenditure of approved operating budget - 2011	Under investigation	8 326 343	8 326 343
Over expenditure of approved capital budget - 2011	Under investigation	5 601 856	5 601 856
Over expenditure of approved operating budget - 2012	Under investigation	48 113	48 113
Over expenditure of approved capital budget - 2012	Under investigation	430 587	430 587
Over expenditure of approved operating budget - 2013	Under investigation	2 219 133	2 219 133
Over expenditure of approved capital budget - 2013	Under investigation	4 457 394	4 457 394
Over expenditure of approved operating budget - 2014	Under investigation	4 354 299	4 354 299
Over expenditure of approved capital budget - 2014	Under investigation	6 368 173	6 368 173
Over expenditure of approved operating budget - 2015	Under investigation	6 562 636	6 562 636
Over expenditure of approved capital budget - 2015	Under investigation	445 821	445 821
Over expenditure of approved operating budget - 2016	Under investigation	6 488 967	6 488 967
Over expenditure of approved capital budget - 2016	Under investigation	2 194 638	2 194 638
Over expenditure of approved operating budget - 2017	Under investigation	12 372 322	12 372 322

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

R2 315 000 was allocated for 2020/2021 financial year information available regarding expenditure in lieu of Covid-19. The summary below indicates the total Covid-19 response expenditure for the period ending 30 June 2021.

<i>Type of expenditure</i>	<i>Nature of expenditure</i>	2021 R	2020 R
<i>operational cost</i>	<i>Inventory Consumed</i>	400 247	59 480
<i>operational cost</i>	<i>Subsistence and travelling</i>		41 206
<i>capital cost</i>	<i>material</i>	1 793 520	20 465
<i>operational cost</i>	<i>material and suppliers</i>	10 707	-
<i>operational cost</i>	<i>courier and security services</i>	4 450	2 683
<i>operational cost</i>	<i>airtime and data cost</i>	6 794	15 797
		2 215 718	139 631
The Covid-19 response expenditure is funded from the following sources:			
<i>Own Revenue</i>		-	97 631
<i>Grant Funding</i>		2 215 718	42 000
		2 215 718	139 631

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

61. EVENTS AFTER REPORTING PERIOD

Covid-19

Within the municipal space, 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.

Alexkor

The municipality has signed a 3 year transferring agreement with Alexkor i.r.o. the incorporation of Alexander Bay into Richtersveld Municipality. A task team has been appointed with the operational arrangements. At this stage no financial impact can be disclosed as information has still not been provided by Alexkor

No further events which may have financial implications for the municipality and warrants disclosure in the financial statements occurred after 30 June 2021.

RICHTERSVELD MUNICIPALITY

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

<i>Over expenditure of approved capital budget - 2017</i>	<i>Under investigation</i>	373 440	373 440
<i>Over expenditure of approved operating budget - 2018</i>	<i>Under investigation</i>	3 801 281	3 801 281
<i>Over expenditure of approved operating budget - 2019</i>	<i>Under investigation</i>	8 718 340	8 718 340
<i>Over expenditure of approved operating budget - 2020</i>	<i>Under investigation</i>	18 581 050	18 581 050
<i>Over expenditure of approved operating budget - 2021</i>	<i>Under investigation</i>	20 050 050	-
		<u>111 394 442</u>	<u>91 344 392</u>

RICHTERSVELD MUNICIPALITY

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

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				
Executive and council	7 278 601	6 399 717	878 884	878 884
Administration: Corporate	12 948 260	10 815 330	2 132 930	2 132 930
Administration: Community	8 994 092	5 018 465	3 975 627	3 975 627
Financial Services	26 660 337	16 233 951	10 426 386	10 426 386
Infrastructure	46 921 384	44 285 162	2 636 222	2 636 222
	<u>102 802 675</u>	<u>82 752 625</u>	<u>20 050 050</u>	<u>20 050 050</u>
Unauthorised expenditure current year - capital				
Executive and council	-	-	-	-
Administration: Corporate	-	-	-	-
Administration: Community	-	-	-	-
Financial Services	-	-	-	-
Infrastructure	10 960 019	19 296 000	(8 335 982)	-
	<u>10 960 019</u>	<u>19 296 000</u>	<u>(8 335 982)</u>	<u>-</u>
			2021 R	2020 R

49.2 **Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance		1 719 522	689 621
Correction of prior period error		-	-
Restated opening balance		1 719 522	689 621
Fruitless and wasteful expenditure current year		-	1 029 901
Condoned or written off by Council		-	-
Current		-	-
Prior Period		-	-
Transfer to receivables for recovery - not condoned		-	-
Current		-	-
Prior Period		-	-
Fruitless and wasteful expenditure awaiting condonement		1 719 522	1 719 522

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Interest and Penalties Paid to SARS on late payment of employee tax.	Under investigation	115	115
Interest Paid to Eskom.	Under investigation	38 083	38 083
Interest Paid to Creditors.	Under investigation	6 331	6 331
Interest and Penalties Paid to SARS on late payment of VAT.	Under investigation	12 693	12 693
Power failure caused damages to lobster and abalone at the Port Lobster fishing factory	Under investigation	25 000	25 000
Official responsible for preparation of orders failed to supply order to ensure timeous payment of creditor	Under investigation	65	65
Official responsible for preparation of orders failed to supply order to ensure timeous payment of creditor	Under investigation	224	224
Interest Paid to Creditors	Under investigation	66 025	66 025
Interest and Penalties Paid to SARS on late payment of employee tax.	Under investigation	44	44
Interest Paid to Auditor General	Under investigation	13 944	13 944
Interest Paid to Creditors	Under investigation	4 770	4 770
Interest and Penalties Paid to SARS on late payment of Provident Fund	Under investigation	621	621
Interest Paid to Eskom	Under investigation	67 249	67 249
Interest Paid to post office	Under investigation	41 760	41 760
Interest Paid to D.J Scholtz & de Wit	Under investigation	5 264	5 264
Interest Paid to Wessee Konstruksie	Under investigation	206	206
Interest Paid to Van's Photo	Under investigation	57	57
Interest Paid to Honolulu Hardware	Under investigation	352	352
Interest Paid to Creditors	Under investigation	38	38
Interest Paid to Eskom	Under investigation	10 169	10 169
Interest Paid to Eskom	Under investigation	30 817	30 817
Interest Paid to Eskom	Under investigation	29 754	29 754
Interest Paid to Wessee Konstruksie	Under investigation	1 154	1 154
Interest Paid to Eskom	Under investigation	35 892	35 892
Interest Paid to Eskom	Under investigation	38 236	38 236
Interest Paid to Eskom	Under investigation	129	129
Interest Paid to Eskom	Under investigation	155	155
Interest on late payment -Government Printing	Under investigation	25	25
Interest Paid to Eskom	Under investigation	736	736
Interest Paid to Eskom	Under investigation	2 204	2 204
Interest on late payment - Municipal Workers Retirement	Under investigation	685	685
Interest Paid to Wessee Konstruksie	Under investigation	11	11
Interest Paid to Eskom	Under investigation	143	143
Interest on late payment - Honolulu Mica	Under investigation	705	705
Interest Paid to Telkom	Under investigation	302	302
Interest Paid to Eskom	Under investigation	325	325

RICHTERSVELD MUNICIPALITY

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

<i>Interest Paid to Auditor General</i>	<i>Under investigation</i>	52 611	52 611
<i>Interest Paid to SARS</i>	<i>Under investigation</i>	2 556	2 556
<i>Interest Paid to TGIS</i>	<i>Under investigation</i>	952	952
<i>Interest Paid to Wessee Konstruksie</i>	<i>Under investigation</i>	91	91
<i>Interest Paid to Eskom</i>	<i>Under investigation</i>	199 125	199 125
<i>Interest paid to SARS</i>	<i>Under investigation</i>	214	214
<i>Interest paid to Municipal workers retirement</i>	<i>Under investigation</i>	675	675

RICHTERSVELD MUNICIPALITY

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

		2021 R	2020 R
Interest paid to Eskom	Under investigation	623 553	623 553
Interest paid to Auditor General	Under investigation	405 304	405 304
Interest Paid to Honolulu Hardware	Under investigation	156	156
		1 719 522	1 719 522

49.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	64 766 369	64 730 205
Correction of prior period error	-	-
Restated opening balance	64 766 369	64 730 205
Irregular expenditure current year	8 239 883	36 164
Expenditure authorised i.t.o. Section 32 of MFMA	-	-
Current	-	-
Prior Period	-	-
Condonement supported by council	-	-
Current	-	-
Prior Period	-	-
Transfer to receivables for recovery - not condoned	-	-
Current	-	-
Prior Period	-	-
Irregular expenditure awaiting further action	73 006 252	64 766 369

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Non compliance with Supply Chain Management Policy - Three written quotations not obtained and incomplete registration forms	To be investigated	16 460 016	16 460 016
Non compliance of tenders with Supply Chain Management Policy	To be investigated	24 880 494	24 880 494
Non compliance with Supply Chain Management Policy - Supplier in service of state	To be investigated	506 874	506 874
Non compliance with Supply Chain Management Policy - Contracts awarded not published on website	To be investigated	1 487 349	1 487 349
Non compliance with Supply Chain Management Policy - Deviation not reported to council	To be investigated	3 670	3 670
Deviations from the Supply Chain regulations - 3 Quotations not obtained, No Original Tax Clearance Certificate, No declaration of interest and Preferential Procurement Policy Framework Act not followed - 2015	To be investigated	3 729 662	3 729 662
Employee Related Cost - employees acting as CFO for longer than 3 months - 2015	To be investigated	140 781	140 781
Employee Related Cost - appointments made not on organogram - 2015	To be investigated	1 251 121	1 251 121
Deviations from the Supply Chain regulations - 3 Quotations not obtained, No Original Tax Clearance Certificate, No declaration of interest and Preferential Procurement Policy Framework Act not followed - 2016	To be investigated	3 530 313	3 530 313
Overpayment of capital projects	To be investigated	165 577	165 577
Employee Related Cost - employees acting as Municipal Manager for longer than 6 months - 2016	To be investigated	79 141	79 141
Employee Related Cost - appointments made not on organogram - 2016	To be investigated	300 320	300 320
Employee Related Cost - employees acting as Municipal Manager for longer than 6 months - 2017	To be investigated	380 192	380 192
Deviations from the Supply Chain regulations - 3 Quotations not obtained, No Original Tax Clearance Certificate, No declaration of interest and Preferential Procurement Policy Framework Act not followed - 2017	To be investigated	4 633 079	4 633 079
Non compliance with Supply Chain Management Policy - R10 001 - R500 000 - 2019	To be investigated	266 471	266 471
Deviations from the Supply Chain Management Policy - 2019	To be investigated	381 500	381 500
Deviations from the Supply Chain regulations - Preference points system not used - 2019	To be investigated	552 761	552 761
Non compliance with Supply Chain Management Policy - Local content - 2019	To be investigated	4 434 339	4 434 339
Senior Manager Positions are filled by acting managers for more than three months - 2019	To be investigated	68 184	68 184
Procurement was deliberately split into parts of lesser value to avoid complying with the requirements of the SCM Policy/SCM Regulations - 2019	To be investigated	221 628	221 628
Non compliance with Supply Chain Management Policy - No declaration of interest - 2019	To be investigated	491 659	491 659
Officials approved payments without approved delegation - 2019	To be investigated	500 395	500 395

RICHTERSVELD MUNICIPALITY

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

		2021	2020
		R	R
Procurement process is not followed for the banking services - 2019	To be investigated	97 273	97 273
No declaration of interest for written price quotations -2019	To be investigated	167 406	167 406
No declaration of interest for written price quotations -2020	To be investigated	36 164	36 164
Non compliance with Supply Chain Management Policy - Three written quotations not obtained and incomplete registration forms - 2021	To be investigated	701 921	-
Non compliance of tenders with Supply Chain Management Policy - 2021	To be investigated	7 018 005	-
Senior Manager Positions are filled by acting managers for more than three months - 2021	To be investigated	357 776	-
Procurement process is not followed for the banking services - 2021	To be investigated	162 181	-
		<u>73 006 252</u>	<u>64 766 369</u>

50. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

Opening balance	957 705	500 000
Council subscriptions	500 000	507 705
Amount paid - current year	(221 667)	(50 000)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>1 236 038</u>	<u>957 705</u>

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

Opening balance	3 683 971	1 981 102
Correction of prior period error	-	-
Restated opening balance	3 683 971	1 981 102
Current year audit fee	1 623 977	1 702 869
External Audit - Auditor-General	1 623 977	1 702 869
Internal Audit	-	-
Audit Committee	-	-
Amount paid - current year	(45 508)	-
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	<u>5 262 440</u>	<u>3 683 971</u>

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

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year. The net of VAT Input Payables and VAT Output Receivables are shown in Note 17.

50.4 PAYE and UIF - [MFMA 125 (1)(c)]

Opening balance	530 628	251 888
Correction of prior period error	-	-
Restated opening balance	530 628	251 888
Current year payroll deductions	3 695 381	3 298 436
Amount paid - current year	(3 402 940)	(2 767 808)
Amount paid - previous year	(472 915)	(251 888)
Balance unpaid (included in creditors)	<u>350 154</u>	<u>530 628</u>

50.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

Opening balance	446 020	434 784
Correction of prior period error	-	-
Restated opening balance	446 020	434 784
Current year payroll deductions and Council Contributions	6 112 181	5 558 818
Amount paid - current year	(5 704 252)	(5 112 798)
Amount paid - previous year	(446 020)	(434 784)
Balance unpaid (included in creditors)	<u>407 929</u>	<u>446 020</u>

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

The following Councillors had arrear accounts for more than 90 days as at 30 June 2021:

	Outstanding more than 90 days
AM Jansen	16 797
G Beukes	776

RICHTERSVELD MUNICIPALITY

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

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

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b):

30 June 2021	Amount	1/2 Quotes	Single Supplier	Type of Deviation		Emergency
				Impossible	Impractical	
July	147 411	147 411	-	-	-	-
August	-	-	-	-	-	-
September	18 666	-	-	-	18 666	-
October	-	-	-	-	-	-
November	62 530	52 981	-	-	9 550	-
December	143 389	51 889	91 500	-	-	-
January	79 184	79 184	-	-	-	-
February	66 154	66 154	-	-	-	-
March	29 705	17 808	5 083	-	6 814	-
April	92 266	87 928	4 338	-	-	-
May	5 656	-	-	-	5 656	-
June	56 960	28 310	-	-	28 649	-
	701 921	531 666	100 921	-	69 334	-

30 June 2020	Amount	1/2 Quotes	Single Supplier	Type of Deviation		Emergency
				Impossible	Impractical	
July	60 299	-	15 802	-	8 099	36 397
August	4 790	-	-	-	4 790	-
September	100 431	-	-	-	15 092	85 339
October	15 584	-	10 649	-	4 935	-
November	78 427	-	11 172	-	-	67 254
December	-	-	-	-	-	-
January	15 002	-	10 649	-	4 353	-
February	68 000	-	68 000	-	-	-
March	25 008	-	5 800	-	19 207	-
April	40 000	-	40 000	-	-	-
May	8 250	-	-	-	-	8 250
June	6 600	-	6 600	-	-	-
	422 390	-	168 673	-	56 476	197 241

	2021 R	2020 R
50.8 Material losses		
Electricity distribution losses		
Units purchased (Kwh)	8 460 717	8 774 639
Units lost during distribution (Kwh)	559 285	966 339
Percentage lost during distribution	6,61%	11,01%
Distribution loss (Rand Value)	683 084	670 156
Water distribution losses		
Units purchased (ml)	283 310	255 060
Units lost during distribution (ml)	48 424	50 457
Percentage lost during distribution	17,09%	19,78%
Distribution loss (Rand Value)	133 166	138 757

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

51. **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.

52. **FINANCIAL RISK MANAGEMENT**

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

(a) **Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

(b) **Price Risk**

The municipality is not exposed to price risk.

(c) **Interest Rate Risk**

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

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

RICHTERSVELD 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.

RICHTERSVELD MUNICIPALITY

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

	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	47 937	15 690
1% (2020: 1%) Decrease in interest rates	(47 937)	(15 690)

(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 6 and 7 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
<u>Non-exchange Receivables</u>				
Rates	73,10%	39 185 828	73,10%	27 335 871
Availability Charges	26,90%	14 423 442	26,90%	12 826 910
	<u>100,00%</u>	<u>53 609 270</u>	<u>100,00%</u>	<u>40 162 781</u>
<u>Exchange Receivables</u>				
Electricity	5,84%	3 341 757	5,93%	3 192 274
Water	30,09%	17 229 686	28,85%	15 541 887
Property Rentals	3,19%	1 827 174	3,65%	1 964 858
Waste Management	25,88%	14 817 694	25,36%	13 661 649
Waste Water Management	24,01%	13 745 415	23,23%	12 513 211
Abeysance	3,23%	1 847 986	5,25%	2 827 303
Other	7,76%	4 444 116	7,74%	4 169 594
	<u>100,00%</u>	<u>57 253 829</u>	<u>100,00%</u>	<u>53 870 776</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 6 and 7 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
<u>Non-exchange Receivables</u>				
Rates	60,98%	89 452 205	60,85%	78 713 231
Availability Charges	0,00%	-	0,00%	-
<u>Exchange Receivables</u>				
Services	39,02%	57 241 755	39,15%	50 636 315
	<u>100,00%</u>	<u>146 693 960</u>	<u>100,00%</u>	<u>129 349 545</u>

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

	Exchange Receivables	Non- exchange Receivables
2021		
1 month past due	-	340 322
2+ months past due	-	1 431 221
	<u>-</u>	<u>1 771 543</u>
2020		
1 month past due	504 486	512 901
2+ months past due	-	53 031
	<u>504 486</u>	<u>565 932</u>

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.

RICHTERSVELD MUNICIPALITY

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

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.

RICHTERSVELD MUNICIPALITY

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

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

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

	2021 R	2020 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	57 253 829	53 870 776
Receivables from non-exchange transactions	92 628 480	80 519 209
Cash and Cash Equivalents	5 191 940	928 330
	<u>155 074 248</u>	<u>135 318 316</u>

(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	181 464	297 500	-	-
Trade and Other Payables	43 025 178	-	-	-
	<u>43 206 642</u>	<u>297 500</u>	<u>-</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2020				
Long-term Liabilities	-	-	-	-
Trade and Other Payables	33 355 244	-	-	-
	<u>33 355 244</u>	<u>-</u>	<u>-</u>	<u>-</u>
			2021 R	2020 R

53. FINANCIAL INSTRUMENTS

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

53.1 Financial Assets

Classification

Receivables from Exchange Transactions			
Electricity	Financial Instruments at amortised cost	3 341 757	3 192 274
Water	Financial Instruments at amortised cost	17 229 686	15 541 887
Property Rentals	Financial Instruments at amortised cost	1 827 174	1 964 858
Waste Management	Financial Instruments at amortised cost	14 817 694	13 661 649
Waste Water Management	Financial Instruments at amortised cost	13 745 415	12 513 211
Abeyance	Financial Instruments at amortised cost	1 847 986	-
Other Arrears	Financial Instruments at amortised cost	4 444 116	4 169 594
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	-	-
Call Deposits	Financial Instruments at amortised cost	5 521 232	928 330
Total Financial Assets		<u>62 775 061</u>	<u>51 971 804</u>
Financial Instruments at amortised cost:			
Receivables from Exchange Transactions	Electricity	3 341 757	3 192 274
Receivables from Exchange Transactions	Water	17 229 686	15 541 887
Receivables from Exchange Transactions	Property Rentals	1 827 174	1 964 858
Receivables from Exchange Transactions	Waste Management	14 817 694	13 661 649
Receivables from Exchange Transactions	Waste Water Management	13 745 415	12 513 211
Receivables from Exchange Transactions	Abeyance	1 847 986	-
Receivables from Exchange Transactions	Other Arrears	4 444 116	4 169 594
Cash and Cash Equivalents	Bank Balances	-	-
Cash and Cash Equivalents	Call Deposits	5 521 232	928 330
		<u>62 775 061</u>	<u>51 971 804</u>

RICHTERSVELD MUNICIPALITY

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

		<u>62 775 061</u>	<u>51 971 804</u>
Total Financial Assets			
53.2 <u>Financial Liabilities</u>	<u>Classification</u>		
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	398 278	-

RICHTERSVELD MUNICIPALITY

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

		2021 R	2020 R
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	41 730 505	31 275 211
Advance Payments	Financial Instruments at amortised cost	690 931	888 615
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	1 874	558 782
Other Payables	Financial Instruments at amortised cost	266 863	240 330
Retentions	Financial Instruments at amortised cost	335 006	392 305
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	329 293	(640 678)
		<u>43 752 749</u>	<u>32 714 565</u>

SUMMARY OF FINANCIAL LIABILITIES

Financial Instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	398 278	-
Trade and Other Payables	Trade Payables	41 730 505	31 275 211
Trade and Other Payables	Advance Payments	690 931	888 615
Trade and Other Payables	Control, Clearing and Interface Accounts	1 874	558 782
Trade and Other Payables	Other Payables	266 863	240 330
Trade and Other Payables	Retentions	335 006	392 305
Cash and Cash Equivalents	Bank Overdraft	329 293	(640 678)
		<u>43 752 749</u>	<u>32 714 565</u>

54. STATUTORY RECEIVABLES

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

Taxes		183 528	-
VAT Receivable			
Receivables from Non-Exchange Transactions		39 185 828	27 335 871
Rates		<u>39 185 828</u>	<u>27 335 871</u>
Total Statutory Receivables (before provision)		39 369 356	27 335 871
Less: Provision for Debt Impairment		<u>(38 350 477)</u>	<u>(26 157 860)</u>
Total Statutory Receivables (after provision)		<u>1 018 879</u>	<u>1 178 010</u>

Statutory Receivables arises from the following legislation:

Taxes	- Value Added Tax Act (No 89 of 1991)
Rates	- Municipal Properties Rates Act (No 6 of 2004)

(Rates): Ageing

Current (0 - 30 days)	632 378	612 079
31 - 60 Days	340 322	512 901
61 - 90 Days	331 434	407 681
+ 90 Days	37 881 694	25 803 211
Total	<u>39 185 828</u>	<u>27 335 871</u>

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	26 157 860	26 157 860
Contribution to provision	12 192 617	-
Reversal of provision	-	-
Balance at end of year	<u>38 350 477</u>	<u>26 157 860</u>

Interest is levied at a rate determined by the council on outstanding rates amounts.

55. IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

56. PRIVATE PUBLIC PARTNERSHIPS

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

57. PRINCIPAL - AGENT ARRANGEMENTS

57.1 Principal in other Principal-Agent Arrangements (non-material)

Richtersveld Municipality is the Principal in arrangements with service providers who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction.

The following information is disclosed in aggregate as per GRAP 109 par 61.

Compensation paid for agency activities

Commission - Note 37	<u>497 508</u>	<u>458 104</u>
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RICHTERSVELD MUNICIPALITY

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

Total Compensation

497 508

458 104

There are no resources under the custodianship of the agents, nor have they been recognised as such.

RICHTERSVELD MUNICIPALITY

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

57.2 Agent in arrangement

Richtersveld Municipality is the Agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

The municipality does not incur any expenses on behalf of the Provincial Department. No significant risks are noted to arise from the arrangement as the municipality merely collects monies on behalf of the department as part of its existing service offering at the traffic department and municipal cashier collection points. No resources are held on behalf of the Provincial Department (other than the receipts).

	2021 R	2020 R
Compensation received for agency activities		
Agency Fees	90 799	66 769
Total Compensation received	90 799	66 769

Richtersveld Municipality was paid 12% commission by the Provincial Department of Transport for acting as an agent on its behalf during the financial year.

Reconciliation of Agency Funds and Disbursements

Principal name	Total Agency funds received	Amount remitted to the principal	Variance between amounts received and amounts remitted	Explanation of Variance
Provincial Department of Transport	90 799	66 769	24 030	None
	90 799	66 769	24 030	

58. 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.

59. RELATED PARTIES

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

59.1 Related Party Transactions

	Rates	Service Charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
Year ended 30 June 2021						
Councillors						
AM Jansen - Mayor	1 333	15 858	-	-	17 192	-
G Beukes	-	776	-	-	1 205	-
R Jonker	-	-	-	-	-	-
	1 333	16 634	-	-	18 397	-
Municipal Manager and Section 57 Employees						
SC Adams	-	4 394	-	-	4 394	-
	-	4 394	-	-	4 394	-
Year ended 30 June 2020						
Councillors						
AM Jansen - Mayor	1 037	13 668	-	-	14 705	-
G Beukes	-	348	-	-	348	-
R Jonker	-	-	-	-	-	-
	1 037	14 016	-	-	15 053	-

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

Related party relationship

Councillors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

59.2 Compensation of key management personnel

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

RICHTERSVELD MUNICIPALITY

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

59.3 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
SC Adams	Municipal Manager	90 024	54 357	105 605
DG Moshobane	Chief Financial Officer	-	-	15 846
LS Cloete	Acting Head: Corporate Services	-	34 036	38 515
I Cloete	Infrastructure Manager	-	40 753	44 545
		90 024	129 146	204 510

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
SC Adams	Acting Municipal Manager	90 024	35 817	167 438
L Young	Acting Chief Financial Officer	74 696	16 555	35 777
LS Cloete	Acting Head: Corporate Services	72 075	28 676	25 683
I Cloete	Infrastructure Manager	33 759	29 305	35 970
		270 555	110 352	264 868

59.4 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		
MC Spyseniering	L. Cloete	Acting Strategic manager	Mother	4 780	31 750
N.P. Kotze	Alta Kotze	Tourism Clerk	Father	7 842	
Weskus Motors	Alta Kotze	Tourism Clerk	Brother	444 622	
T & D Caterers	B. Raman	Testing Officer	Mother	13 945	7 460
				471 189	39 210

60. FINANCIAL SUSTAINABILITY

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

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

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

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

The municipality is experiencing difficulty to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceeds the current assets with R44 441 948 (2020: R34 322 424).

The municipality have budgeted for a profit of R13 132 000 for 2021/2022 and R9 427 000 for 2022/2023 financial year. The municipality has also budgeted for cash flows of R2 636 000 for 2022/2023 and R6 415 000 for the 2023/2024 financial year.

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 municipality.

Current Assets:	<i>Increasing in Debtors as a result of non-payment by consumers, and increase in Unspent Grants as a result of contractors not able to work under lock-down regulations.</i>
Service Charges and Rates:	<i>Decrease in sale of electricity due to increase in unemployment rates.</i>

RICHTERSVELD MUNICIPALITY

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

Grants Received:

The municipality received special allocations in order to assist communities in need to the value of R2 315 000 from National Treasury.

Expenses:

The municipality amended their budget through an adjustment budget to reprioritised expenditure.