

# KAMIESBERG MUNICIPALITY



## FINANCIAL STATEMENTS

30 JUNE 2021

# KAMIESBERG MUNICIPALITY

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# KAMIESBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## GENERAL INFORMATION

### NATURE OF BUSINESS

Kamiesberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

### JURISDICTION

The Kamiesberg Municipality includes the following areas of Garies, Hondelkipbaai, Kamassies, Kreis, Kharkams, Kamieskroon, Kijfontein, Kolingnaas, Leliefontein, Lepelsfontein, Nourivier, Paulshoek, Rooifontein, Soebatsfontein, Spoegrivier and Tweerivier.

### MUNICIPAL MANAGER

RC Beukes

### CHIEF FINANCIAL OFFICER

TE Diphokoje

### REGISTERED OFFICE

Private Bag X200  
Garies  
8220

### AUDITORS

Auditor-General  
Private Bag X5013  
KIMBERLEY  
8300

### PRINCIPLE BANKERS

First National Bank

### ATTORNEYS

Schreuders  
TNK Attorneys  
Wessels & Smith Inc

### WEBSITE

[www.kamiesberg.gov.za](http://www.kamiesberg.gov.za)

# KAMIESBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## GENERAL INFORMATION

### RELEVANT LEGISLATION

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

### MEMBERS OF THE KAMIESBERG MUNICIPALITY

#### WARD

- 1
  - 2
  - 3
  - 4
- Proportional  
Proportional  
Proportional

#### COUNCILLOR

LE Petersen  
MC Rooi  
SC Nero  
MJ Cloete  
H Steenkamp  
AM Engelbrecht  
M Hanekom

# KAMIESBERG 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 95 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.

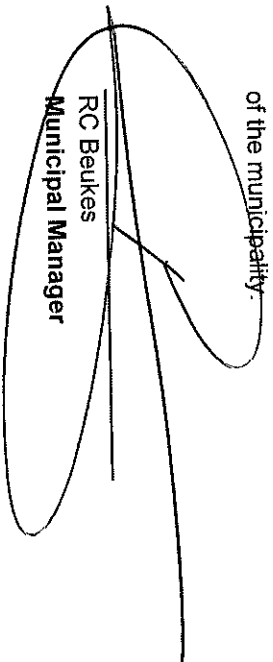
I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

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

  
RC Beukes  
Municipal Manager

<b>Municipality: Kamiesberg Municipality</b>	
<b>SCM</b>	
<b>Date:</b> 31 AUG 2021	
<b>Sign:</b> P/BAG X300 Garies 8220 Tel: 027 552 8001	

**KAMIESBERG MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021**

	Notes	2021	2020
	R	R	R
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>264 427 862</b>	<b>254 571 698</b>
Property, Plant and Equipment	2	237 766 410	227 881 970
Investment Property	3	26 374 791	26 374 791
Intangible Assets	4	281 261	309 537
Heritage Assets	5	5 400	5 400
<b>Current Assets</b>		<b>21 862 004</b>	<b>13 628 134</b>
Inventory	6	414 893	216 362
Receivables from Exchange Transactions	7	2 757 041	2 029 019
Receivables from Non-exchange Transactions	8	2 097 908	1 654 717
Taxes	17,3	11 893 258	7 712 494
Cash and Cash Equivalents	9	4 698 904	2 015 541
<b>Total Assets</b>		<b>286 289 866</b>	<b>268 199 832</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>		<b>36 392 659</b>	<b>31 967 056</b>
Long-term Borrowings	10	125 638	396 876
Non-current Provisions	11	32 377 021	28 596 181
Non-current Employee Benefits	12	3 890 000	2 974 000
<b>Current Liabilities</b>		<b>74 620 354</b>	<b>55 230 506</b>
Consumer Deposits	13	1 525 747	1 512 736
Current Employee Benefits	14	2 942 610	2 780 881
Trade and Other Payables from Exchange Transactions	15	64 285 676	43 083 527
Unspent Transfers and Subsidies	16	5 665 488	7 041 640
Current Portion of Long-term Borrowings	10	200 833	811 722
<b>Total Liabilities</b>		<b>111 013 013</b>	<b>87 197 562</b>
<b>Net Assets</b>		<b>175 276 853</b>	<b>181 002 270</b>
Accumulated Surplus/(Deficit)		175 276 853	181 002 270
<b>Total Net Assets and Liabilities</b>		<b>286 289 866</b>	<b>268 199 832</b>

KAMIESBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R	2020 R
<b>REVENUE</b>			
Revenue from Non-exchange Transactions		63 037 312	59 234 424
Taxation Revenue		5 701 607	11 128 566
Property Rates	18	5 701 607	11 128 566
Transfer Revenue		55 101 097	42 176 305
Government Grants and Subsidies	19	54 975 597	42 154 741
Public Contributions and Donations	20	125 500	21 564
Other Revenue		2 234 608	5 929 553
Actuarial Gains	12	-	783 946
Availability Charges	31	-	-
Fines, Penalties and Forfeits	25	190	3 200
Interest Earned - Non-exchange Transactions	32	834 425	3 611 308
Licences and Permits	26	-	-
Operational Revenue		1 399 994	1 531 099
<b>Revenue from Exchange Transactions</b>		<b>20 900 216</b>	<b>18 708 512</b>
Service Charges	21	16 152 331	13 847 614
Sales of Goods and Rendering of Services	22	124 953	38 508
Rental from Fixed Assets	23	98 478	89 218
Interest Earned - External Investments	24	114 857	194 956
Interest Earned - Exchange Transactions	25	4 269 277	4 510 182
Licences and Permits		475	488
Agency Services		139 845	27 546
<b>Total Revenue</b>		<b>83 937 528</b>	<b>77 942 936</b>
<b>EXPENDITURE</b>			
Employee related costs	27	(30 424 826)	(27 664 911)
Remuneration of Councillors	28	(2 622 291)	(2 622 212)
Bad Debts Written Off		(11 941)	-
Contracted Services	29	(3 083 319)	(2 592 898)
Depreciation and Amortisation	30	(21 596 294)	(21 879 819)
Actuarial Losses	17	(500 700)	-
Finance Costs	31	(4 428 245)	(4 641 488)
Bulk Purchases	32	(12 649 148)	(11 373 491)
Inventory Consumed	6,1	(2 702 775)	(2 801 367)
Operational Costs	33	(6 412 572)	(6 682 727)
<b>Total Expenditure</b>		<b>(84 432 111)</b>	<b>(80 258 912)</b>
<b>Operating Surplus/(Deficit) for the Year</b>		<b>(494 583)</b>	<b>(2 315 977)</b>
Reversal of Impairment Loss/(Impairment Loss) on Receivables	34	(6 068 060)	(16 430 146)
Gains/(Loss) on Sale of Fixed Assets	35	837 226	390 435
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	36	-	(254 687)
Fair Value Adjustments on Financial Instruments		-	-
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(5 725 416)</b>	<b>(18 610 375)</b>

**KAMIESBERG MUNICIPALITY**

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

	Accumulated Surplus/ (Deficit)	Total
	R	R
<b>Balance at 1 July 2019</b>	<b>194 925 057</b>	<b>194 925 057</b>
Correction of Error - note 38.7	4 687 588	4 687 588
<b>Restated balance</b>	<b>199 612 645</b>	<b>199 612 645</b>
Net Surplus/(Deficit) for the year	(18 610 375)	(18 610 375)
Net Surplus/(Deficit) previously reported	(14 932 817)	(14 932 817)
Effects of Correction of Errors - note 38.8	(3 677 559)	(3 677 559)
<b>Restated balance at 30 June 2020</b>	<b>181 002 270</b>	<b>181 002 270</b>
Net Surplus/(Deficit) for the year	(5 725 416)	(5 725 416)
Property, Plant and Equipment purchased	-	-
<b>Balance at 30 June 2021</b>	<b>175 276 853</b>	<b>175 276 853</b>



**KAMIESBERG MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	R	R
	Notes	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash receipts		
Taxation	4 472 045	1 204 961
Service Charges	4 579 387	2 497 688
Other Revenue	2 280 653	2 075 296
Government - Operating	40 487 661	27 632 086
Government - Capital	13 102 098	15 974 086
Interest	5 218 559	8 316 446
Cash payments		
Suppliers and Employees	(34 931 813)	(40 127 595)
Finance Charges	(2 180 347)	(2 668 205)
<b>Net Cash from Operating Activities</b>	<b>39 028 243</b>	<b>14 904 764</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(29 923 596)	(14 451 865)
Purchase of Intangible Assets	-	(36 069)
<b>Net Cash from Investing Activities</b>	<b>(29 923 596)</b>	<b>(14 487 934)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowing - Long term/Refinancing	13 011	9 362
Increase/(Decrease) in Consumer Deposits	(70 404)	(864 123)
Repayment of Borrowing	(57 393)	(854 761)
<b>Net Cash from Financing Activities</b>	<b>(57 393)</b>	<b>(854 761)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3 047 254</b>	<b>(437 931)</b>
Cash and Cash Equivalents at the beginning of the year	2 015 541	2 453 473
Cash and Cash Equivalents at the end of the year	4 698 904	2 015 541
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2 683 363</b>	<b>(437 932)</b>

**KANESBURG MUNICIPALITY**  
**REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021**

For management purposes, the municipality is organized and operates in four functional segments (or business units). In this unit, management monitors the operating results of these business units for the purpose of making decisions about resource allocation and management of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Management reviews on a monthly basis a C-Schedule that provides equal amounts of that time per both the department and function.

The key functional segments comprise of:

**PRIMARY SEGMENTS**

Functional Segment	Sub-unit	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Executive & Council	1.1 - Municipal Manager	Aggregated	Government and Administration	Supporting services departments
Vote 2 - Finance and Administration	1.2 - Councillors	Aggregated	Government and Administration	Supporting services departments
Vote 3 - Community and Social Services	2.1 - Finance	Aggregated	Government and Administration	Supporting services departments
	2.1 - Finance	Aggregated	Government and Administration	Supporting services departments
	3.1 - Corporate	Aggregated	Community and Public Safety	Library services and committees
	3.2 - Library	Aggregated	Community and Public Safety	Recreational centers and community halls
Vote 4 - Sport and Recreation	4.1 - Sport Ground and Community Facilities	Aggregated	Community and Public Safety	Recreational centers and community halls
Vote 5 - Water Management	5.1 - Retiree and Sanitation	Aggregated	Technical Services	Water Management
Vote 6 - Water	6.1 - Water	Aggregated	Technical Services	Water Management
Vote 7 - Electricity	7.1 - Electricity	Aggregated	Technical Services	Water Management
Vote 8 - Economic and Social Development	8.1 - Local Economic Development	Aggregated	Economic and Environmental Services	Local Economic Development
Vote 9 - Technical and Roads	9.1 - Streets	Aggregated	Economic and Environmental Services	Local Economic Development
Vote 10 - Waste Water Management	10.1 - Waste Water Management	Aggregated	Technical Services	Waste Water Management

**SECONDARY SEGMENTS**

SECONDARY SEGMENTS Identified	Aggregation	Reportable Segment	Types of Goods/Services delivered
Aggregation	Aggregated	Government and Administration	Supporting services departments
Executive and Council	Aggregated	Government and Administration	Supporting services departments
Finance and Administration	Aggregated	Government and Administration	Supporting services departments
Internal Audit	Aggregated	Government and Administration	Supporting services departments
Community and Social Services	Aggregated	Community and Public Safety	Library services and committees
Sport and Recreation	Aggregated	Community and Public Safety	Recreational centers and community halls
Water Management	Aggregated	Technical Services	Water Management
Waste Water Management	Aggregated	Technical Services	Water Management
Trading Services	Aggregated	Technical Services	Water Management
Other	Aggregated	Technical Services	Water Management

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 (or the amount received) for 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.

**KALISBERG MUNICIPALITY**  
**PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	R	R	R	R	R	R
	Governance and Administration	Community and Public Safety	Technical Services	Economic and Environmental Services	Other	Total
<b>SEGMENT REVENUE</b>						
External revenue from exchange transactions	1 581 119	2 017	19 739 210	1 07 795	-	21 625 141
Service Charges - Electricity Revenue	-	-	10 232 228	-	-	10 232 228
Service Charges - Water Revenue	-	-	2 571 728	-	-	2 571 728
Service Charges - Sanitation Revenue	-	-	1 551 224	-	-	1 551 224
Service Charges - Refuse Revenue	-	-	1 249 012	-	-	1 249 012
Service Charges - Refuse Revenue	98 478	-	-	-	-	98 478
Rental of Facilities and Equipment	1 114 657	-	-	-	-	1 114 657
Interest Earned - External Investment	1 464 623	-	3 892 878	-	-	5 357 501
Interest Earned - Outstanding Debts	475	-	-	-	-	475
Interest Earned - Other	139 845	-	-	-	-	139 845
Agency Services	110 841	2 017	-	137 725	-	380 453
Other Revenue	-	-	-	-	-	-
<b>External revenue from non-exchange transactions</b>	<b>38 172 007</b>	<b>180</b>	<b>-</b>	<b>1 000 330</b>	<b>-</b>	<b>37 172 516</b>
Fines	28 448 637	180	-	-	-	30 448 637
Transfers Recognised - Operational	5 701 637	-	-	1 000 330	-	5 701 637
Property Rates	659 254	-	-	-	-	659 254
Other Income	135 418	-	-	-	-	135 418
Grants	-	-	-	-	-	-
<b>Revenue from transactions with other segments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Internal Revenue	38 133 135	2 207	19 739 210	1 138 145	-	58 022 697
<b>Total Segment Revenue (excluding capital transfers and surpluses/deficits)</b>	<b>(58 023 219)</b>	<b>2 207</b>	<b>(8 355 844)</b>	<b>(6 007 711)</b>	<b>-</b>	<b>(63 293 561)</b>
<b>SEGMENT EXPENDITURE</b>						
Employee Related Costs	(15 304 418)	-	(6 298 785)	(6 761 223)	-	(28 364 426)
Remuneration of Councilors	(3 822 291)	-	-	-	-	(3 822 291)
Depreciation and Asset Impairment	(6 890 000)	-	-	-	-	(6 890 000)
Debt Impairment	(21 556 294)	-	(2 247 839)	-	-	(23 804 133)
Depreciation and Asset Impairment	(2 180 247)	-	(12 642 148)	-	-	(14 822 395)
Other Expenses	-	-	(2 292 139)	-	-	(2 292 139)
Other Expenses	(420 629)	-	(650 920)	(34 364)	-	(1 105 913)
Interest on Debts	(2 458 257)	-	-	-	-	(2 458 257)
Transfer and Grants	-	-	(61 807)	(344 240)	-	(416 847)
Other Expenditure	(6 572 230)	-	-	-	-	(6 572 230)
Losses	711 808	-	-	-	-	711 808
<b>Expenditure from transactions with other segments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Internal Charges	(58 023 219)	-	(8 355 844)	(7 351 853)	-	(63 293 561)
<b>Total Segment Expenditure</b>	<b>(17 490 667)</b>	<b>2 207</b>	<b>(8 355 844)</b>	<b>(6 007 711)</b>	<b>-</b>	<b>(30 254 979)</b>

	Governance and Administration		Community and Public Safety		Technical Services		Infrastructure		Other		Total
	R	R	R	R	R	R	R	R	R		
Transfers Received - Capital	11 157 797	-	-	13 371 763	-	-	-	-	-	-	24 529 560
Contributions Received - Capital	-	-	-	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-	-	-	-
Surplus/Deficit after Capital Transfers & Contributions	(6 732 291)	2 207	7 008 979	(6 001 711)	-	-	-	-	-	-	(6 725 416)
Taxation	(6 732 291)	2 207	7 008 979	(6 001 711)	-	-	-	-	-	-	(6 725 416)
Surplus/Deficit after Taxation	-	-	-	-	-	-	-	-	-	-	-
Attributable to Members	(6 732 291)	2 207	7 008 979	(6 001 711)	-	-	-	-	-	-	(6 725 416)
Surplus/Deficit Attributable to Municipality	-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit of Associates	(6 732 291)	2 207	7 008 979	(6 001 711)	-	-	-	-	-	-	(6 725 416)
Surplus/Deficit for the year	-	-	-	-	-	-	-	-	-	-	-

OTHER INFORMATION	Governance and Administration		Community and Public Safety		Technical Services		Economic and Environmental Services		Unallocated		Total
	R	R	R	R	R	R	R	R	R		
Significant Assets	-	-	-	-	-	-	-	-	-	-	288 248 688
Debt	-	-	-	-	-	-	-	-	-	-	(111 013 010)
Investment in non-current assets	-	-	-	-	-	-	-	-	-	-	(111 013 010)
Investment in associates (entity method) and joint ventures	-	-	-	-	-	-	-	-	-	-	-
Non-cash revenue (included above)	-	-	-	-	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-	-	-	-	-

KALLESBERG MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Community and public safety	Economic and environmental services	Trading Services					Other	Overseas and Administration	Unallocated	Total
			Energy Sources	Water Management	Waste Water Management	Waste Management					
<b>SEGMENT REVENUE</b>	R	R	R	R	R	R	R	R	R	R	
External revenue from exchange transactions	2 017	137 795	11 295 325	4 725 112	1 878 721	1 328 411	-	1 981 119	-	21 030 341	
Service Charges - Electricity Revenue	-	-	10 725 285	2 011 798	-	-	-	-	-	10 725 285	
Service Charges - Water Revenue	-	-	-	-	1 556 324	-	-	-	-	1 556 324	
Service Charges - Sanitation Revenue	-	-	-	-	-	1 248 012	-	-	-	1 248 012	
Service Charges - Refuse Revenue	-	-	-	-	-	-	88 478	-	-	88 478	
Rent of Haulers and Equipment	-	-	-	-	-	-	114 657	-	-	114 657	
Interest Earned - External Investments	-	-	560 639	2 144 324	322 518	579 386	-	-	-	3 498 822	
Interest Earned - Outstanding Debtors	-	-	-	-	-	-	-	139 475	-	139 475	
Leases and Rentals	-	-	-	-	-	-	-	110 543	-	110 543	
Other Revenue	2 017	137 795	-	-	-	-	-	-	-	34 511 315	
External revenue from non-exchange transactions	-	2 281 222	-	-	-	-	-	-	-	23 184 865	
Plus:	-	180	-	-	-	-	-	-	-	5 701 607	
Transfers Recognised - Operational	-	2 281 042	-	-	-	-	-	-	-	899 284	
Property Rates	-	-	-	-	-	-	-	-	-	125 418	
Other Income	-	-	-	-	-	-	-	-	-	-	
Gains	-	-	-	-	-	-	-	-	-	-	
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	-	
Internal Revenue	-	-	-	-	-	-	-	-	-	-	
Total Segment Revenue (excluding capital transfers and contributions)	2 017	2 288 026	11 295 936	4 725 112	1 878 721	1 828 411	-	35 872 433	-	59 032 687	
<b>SEGMENT EXPENDITURE</b>											
Employee Related Costs	-	(6 751 223)	(1 792 218)	(2 241 559)	-	(4 234 973)	-	(15 394 815)	-	(30 424 829)	
Remuneration of Councilors	-	-	-	-	-	-	-	(2 622 281)	-	(2 622 281)	
Dep't Involvement	-	-	-	-	-	-	-	(8 080 000)	-	(8 080 000)	
Depreciation and Asset Impairment	-	-	-	-	-	(2 247 889)	-	(2 180 244)	-	(4 428 248)	
Finance Charges	-	-	(12 485 881)	(165 556)	(679 789)	(641 224)	-	(620 828)	-	(12 982 346)	
Bank Fees	-	-	(141 429)	(922 720)	-	-	-	(2 468 297)	-	(3 532 446)	
Bank Loan Expenses	-	-	(34 354)	(530 638)	-	-	-	(5 972 286)	-	(6 437 572)	
Contracted Services	-	-	(331 048)	(25 150)	-	(70 521)	-	711 898	-	(11 808)	
Tenants and Grants	-	-	-	-	-	-	-	-	-	-	
Char Expenditure	-	-	-	-	-	-	-	-	-	-	
Leases	-	-	-	-	-	-	-	-	-	-	
Total Segment Expenditure	-	(7 125 558)	(14 442 371)	(3 910 510)	(675 789)	(7 194 547)	(13 200)	(58 025 213)	-	(89 248 063)	
(Surplus/Deficit)	2 017	(4 727 530)	(3 146 435)	545 802	1 202 932	(5 366 537)	(13 200)	(19 150 779)	-	(29 215 676)	

	Company and public safety	Economic and environmental services	Trading Services				Other	Expenditure and Administration	Unallocated	Total
			Energy Sources	Water Management	Water Management	Waste Management				
Transfers Recognized - Capital	R	-	-	R	R	R	R	R	R	
Contributors Recognized - Capital	-	-	-	13 317 754	-	-	-	11 157 757	-	
Contributed Assets	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after Capital Transfers & Contributions	2 017	(4 727 850)	(3 146 439)	14 317 365	1 201 885	(3 366 527)	(3 200)	(7 982 883)	(3 725 416)	
Taxation	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after Taxation	2 017	(4 727 850)	(3 146 439)	14 317 365	1 201 885	(3 366 527)	(3 200)	(7 982 883)	(3 725 416)	
Attributable to Members	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) attributable to Municipality	2 017	(4 727 850)	(3 146 439)	14 317 365	1 201 985	(3 366 527)	(3 200)	(7 982 883)	(3 725 416)	
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) for the year	2 017	(4 727 850)	(3 146 439)	14 317 365	1 201 985	(3 366 527)	(3 200)	(7 982 883)	(3 725 416)	

OTHERS INCORPORATION	Community and public safety	Economic and environmental services	Trading Services				Other	Governance and Administration	Unallocated	Total
			Energy Sources	Water Management	Water Management	Waste Management				
Bad debt Assets	R	-	-	R	R	R	R	R	R	
Signment Assets	-	-	-	-	-	-	-	-	288 288 886	
Addition to non-current assets	-	-	-	-	-	-	-	-	(111 019 019)	
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 2024

Total Segment Revenue (including certain transfers and contributions)	83 513 248
Total Revenue as per Statement of Financial Performance	84 721 764
Difference	(1 212 506)
Reconciling Items	(1 212 506)
Reversal of impairment loss on Receivables	(1 212 506)

Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 June 2024

Total Segment Expenditure	(69 287 663)
Total Expenses as per Statement of Financial Performance	(64 432 111)
Difference	(4 655 552)
Reconciling Items	(4 655 552)
Impairment loss on Receivables	(4 655 552)

Reconciliation of the Statement of Financial Performance as at 30 June 2024 as per the Annual Financial Statements to the Surplus of the Segment Report

Surplus/Deficit for the year as per Segment	(3 725 416)
Surplus/Deficit for the year as per Statement of Financial Performance	(3 725 416)
Difference - as explained above	0

Reconciliation of Segment Assets to Total Assets as per the Annual Financial Statements for the year ended 30 June 2024

Total Segment Assets	285 282 856
Total Assets as per Statement of Financial Position	286 268 996
Difference	(986 140)

Management does not monitor assets per segment as it does not at present have reliable separate financial information for decision making purpose. The CGU to develop the segment would be stochastic, 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 2024

Total Segment Liabilities	(111 618 013)
Total Liabilities as per Statement of Financial Position	(111 618 013)
Difference	-

Management does not monitor liabilities per segment as it does not at present have reliable separate financial information for decision making purpose. This CGU to develop the segment would be stochastic, based on the municipality's current financial position.

**KAMIESBERG MUNICIPALITY**  
**PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	Municipal Administration		Community and Public Safety		Technical Services		Economic and Environmental Services		Other		Total	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>SEGMENT REVENUE</b>												
External revenue from exchange transactions	4 682 177	-	-	17 824 483	-	27 173	-	-	-	-	-	22 313 829
School Charges - Electricity Revenue	-	-	-	7 722 897	-	-	-	-	-	-	-	7 722 897
School Charges - Water Revenue	-	-	-	3 359 954	-	-	-	-	-	-	-	3 359 954
Service Charges - Saramon Revenue	-	-	-	1 442 285	-	-	-	-	-	-	-	1 442 285
Service Charges - Refuse Revenue	-	-	-	1 313 060	-	-	-	-	-	-	-	1 313 060
Rental of Facilities and Equipment	82 804	-	-	-	-	313	-	-	-	-	-	82 804
Investment Income - External Investments	154 956	-	-	3 706 492	-	-	-	-	-	-	-	3 861 448
Interest Income - Current Loans	4 324 621	-	-	-	-	-	-	-	-	-	-	4 324 621
Interest and Dividends	488	-	-	-	-	-	-	-	-	-	-	488
Agency Income	32 208	-	-	-	-	-	28 858	-	-	-	-	61 072
Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-
External revenue from non-exchange transactions	41 082 152	520	-	-	-	803 623	-	-	-	-	-	41 812 273
Dividends Received	-	2 700	540	-	-	-	-	-	-	-	-	3 240
Fines	27 581 841	-	-	-	-	803 623	-	-	-	-	-	28 385 465
Transfers Recognised - Operational	11 128 555	-	-	-	-	-	-	-	-	-	-	11 128 555
Property Rents	2 313 945	-	-	-	-	-	-	-	-	-	-	2 313 945
Other Income	-	-	-	-	-	-	-	-	-	-	-	-
Gains	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	45 950 228	520	500	17 824 483	-	803 623	-	-	-	-	-	64 125 114
<b>SEGMENT EXPENDITURE</b>												
Employee Related Costs	(13 523 427)	-	-	(9 702 947)	-	(5 429 827)	-	-	-	-	-	(28 656 201)
Rentals	(6 622 212)	-	-	-	-	-	-	-	-	-	-	(6 622 212)
Depreciation and Asset Impairment	(15 378 818)	-	-	-	-	-	-	-	-	-	-	(15 378 818)
Finance Charges	(2 970 000)	-	-	(1 671 460)	-	-	-	-	-	-	-	(4 641 460)
Bulk Purchases	(200 988)	-	-	(11 372 481)	-	-	-	-	-	-	-	(11 573 469)
Inventory Consumed	(2 119 182)	-	-	(2 457 072)	-	(103 382)	-	-	-	-	-	(4 569 636)
Contracted Services	-	-	-	(287 180)	-	(179 842)	-	-	-	-	-	(467 022)
Transfers and Grants	(6 147 956)	-	-	(79 132)	-	(427 697)	-	-	-	-	-	(6 654 785)
Other Expenditure	-	-	-	(254 667)	-	-	-	-	-	-	-	(254 667)
Interest charges	-	-	-	-	-	-	-	-	-	-	-	-
Total Segment Expenditure	(55 985 682)	-	500	(24 755 682)	-	(6 157 649)	-	-	-	-	-	(86 909 207)
Surplus/(Deficit)	(10 035 454)	20	-	(7 121 263)	-	(5 328 647)	-	-	-	-	-	(22 772 083)



	Government and Administration	Community and Public Safety	Technical Services	Economic and Environmental Services	Other	Total
Transfers Received - Capital	R	R	R	R	R	R
Contributors Reciprocal - Capital	11 350 439	-	2 420 537	-	-	13 769 275
Contributed Assets	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	(3 954 525)	500	(4 652 545)	(5 328 847)	-	(19 863 817)
Taxation	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	(3 954 525)	500	(4 652 545)	(5 328 847)	-	(19 863 817)
Attributable to Municipalities	-	-	-	-	-	-
Surplus/(Deficit) attributable to Municipality	(6 994 624)	500	(4 652 545)	(3 328 847)	-	(16 983 817)
Share of Surplus/(Deficit) of Associates	-	-	-	-	-	-
Surplus/(Deficit) for the year	(6 994 624)	500	(4 652 545)	(3 328 847)	-	(16 863 817)

OTHER INFORMATION	Government and Administration	Community and Public Safety	Technical Services	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
Segment Assets	-	-	-	-	298 159 652	298 159 652
Segment Liabilities	-	-	-	-	57 197 562	57 197 562
Additions to non-current assets	-	-	-	-	-	-
Investment in associates (equity method) and joint ventures	-	-	-	-	-	-
Non-cash revenues (included above)	-	-	-	-	-	-
Non-cash expenditures (included above)	-	-	-	-	-	-

**KAMIESBERG MUNICIPALITY  
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	Trading Services							Other	Governance and Administration	Unallocated	Total
	Community and public safety	Economic and environmental services	Energy Services	Water Management	Waste Water Management	Waste Management					
<b>SEGMENT REVENUE</b>											
External revenue from exchange transactions	27 579	8 340 831	5 597 416	1 754 972	1 841 782		4 879 723			23 341 304	
Service Charges - Electricity Revenue	-	-	7 735 837	-	-	-	-	-	-	7 735 837	
Service Charges - Water Revenue	-	-	3 366 564	1 443 285	-	1 313 028	-	-	-	6 122 885	
Service Charges - Sanitation Revenue	-	-	-	-	-	-	88 905	-	-	88 905	
Service Charges - Refuse Revenue	-	313	-	-	-	154 956	-	-	-	155 269	
Retiree Pension and Employees' Retirement Fund Contributions	-	-	-	-	-	-	4 334 821	-	-	4 334 821	
Interest Income - Outstanding Debtors	-	-	600 234	-	341 608	620 084	448	-	-	1 362 370	
Licenses and Permits	-	-	-	2 204 952	-	-	27 546	-	-	2 232 498	
Agency Services	-	-	-	-	-	-	33 209	-	-	33 209	
Other Revenue	-	28 868	-	-	-	-	-	-	-	28 868	
External revenue from non-exchange transactions	-	2 220 874	-	-	-	-	39 872 026	-	-	42 232 710	
Dividends Received	-	3 200	-	-	-	-	-	-	-	3 200	
Grants	-	2 237 474	-	-	-	-	35 137 897	-	-	37 374 371	
Transfer Receipts - Government	-	-	-	-	-	-	11 128 866	-	-	11 128 866	
Priority Rates	-	-	-	-	-	-	2 315 045	-	-	2 315 045	
Availability Charges	-	-	-	-	-	-	380 435	-	-	380 435	
Other Income	-	-	-	-	-	-	-	-	-	-	
Grant	-	-	-	-	-	-	-	-	-	-	
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	-	
Internal Revenue	-	-	-	-	-	-	-	-	-	-	
<b>Total Segment Revenue (excluding capital transfers and contributions)</b>	<b>2 357 832</b>	<b>8 340 831</b>	<b>5 597 416</b>	<b>1 754 972</b>	<b>1 841 782</b>	<b>4 879 723</b>	<b>44 657 759</b>	<b>64 544 084</b>	<b>64 544 084</b>	<b>64 544 084</b>	
<b>SEGMENT EXPENDITURE</b>											
Employee Related Costs	(5 498 527)	(1 620 498)	(2 826 850)	-	-	-	(13 526 402)	-	-	(22 851 817)	
Remuneration of Councilors	-	-	-	-	-	-	(16 430 148)	-	-	(16 430 148)	
Depreciation and Asset Impairment	-	-	-	-	-	-	(21 679 819)	-	-	(21 679 819)	
Finance Charges	-	-	-	-	-	-	(1 973 282)	-	-	(1 973 282)	
Bulk Purchases	-	-	(41 089 293)	(333 723)	-	-	(795 588)	-	-	(42 228 604)	
Inventory Consumed	-	-	(200 488)	(720 128)	-	-	(580 464)	-	-	(1 501 080)	
Contracted Services	(215 800)	(23 032)	(214 750)	(47 423)	-	-	(3 320)	-	-	(456 995)	
Other Expenditure	(47 692)	(254 897)	-	-	-	-	(5 322)	-	-	(307 911)	
Internal Analysis	-	-	-	-	-	-	-	-	-	-	
<b>Total Segment Expenditure</b>	<b>(6 089 974)</b>	<b>(1 328 471)</b>	<b>(4 113 627)</b>	<b>(795 588)</b>	<b>(6 543 288)</b>	<b>(130 383)</b>	<b>(25 702 159)</b>	<b>(98 643 348)</b>	<b>(98 643 348)</b>	<b>(98 643 348)</b>	
<b>Surplus/(Deficit)</b>	<b>(3 822 892)</b>	<b>(4 987 640)</b>	<b>1 483 789</b>	<b>959 384</b>	<b>(4 699 506)</b>	<b>(103 360)</b>	<b>(21 050 410)</b>	<b>(33 399 264)</b>	<b>(33 399 264)</b>	<b>(33 399 264)</b>	

	Community and public safety		Economic and environmental services		Energy Sources		Water Management		Waste Water Management		Waste Management		Other		Governance and Administration		Unallocated		Total	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Transfers Received - Capital Contributions Received - Capital Combined Assets	-	-	-	-	-	-	3,428,637	-	-	-	-	-	-	-	11,350,438	-	-	-	-	13,789,075
Surplus/(Deficit) after Capital Transfers & Contributions	-	(3,622,622)	-	(4,634,517)	-	3,673,226	-	889,036	-	(4,602,076)	-	(103,363)	-	(6,639,671)	-	-	-	-	-	(16,610,375)
Taxation	-	-	(3,622,622)	(4,634,517)	-	3,673,226	-	889,036	-	(4,602,076)	-	(103,363)	-	(6,639,671)	-	-	-	-	-	(16,610,375)
Surplus/(Deficit) after Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to Members	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	-	-	(3,622,622)	(4,634,517)	-	3,673,226	-	889,036	-	(4,602,076)	-	(103,363)	-	(6,639,671)	-	-	-	-	-	(16,610,375)
Share of Surplus/(Deficit) of Associate Surplus/(Deficit) for the year	-	-	(3,622,622)	(4,634,517)	-	3,673,226	-	889,036	-	(4,602,076)	-	(103,363)	-	(6,639,671)	-	-	-	-	-	(16,610,375)

	Community and public safety		Economic and environmental services		Energy Sources		Water Management		Waste Water Management		Waste Management		Other		Governance and Administration		Unallocated		Total	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>OTHER INCORPORATION</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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) 78,530,370  
 Total Revenue as per Statement of Financial Performance 78,530,370  
 Difference -

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

Total Segment Expenditure (66,943,746)  
 Total Expenditure as per Statement of Financial Performance (66,943,746)  
 Difference -

Reconciliation of the Statement of Financial Performance as at 30 June 2020 to per the Annual Financial Statements for the year ended 30 June 2020

Surplus/(Deficit) for the year as per Segments (18,610,375)  
 Surplus/(Deficit) for the year as per Statement of Financial Performance (18,610,375)  
 Difference - as explained above (3,059,800)

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

Total Segment Assets	249 106 433
Total Assets as per Statement of Financial Position	<u>249 106 433</u>
Difference	-

Management does not monitor assets per segments as it does not at present have reliable segment financial information for decision making purposes. The Coe 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 Statement for the year ended 30 June 2020

Total Segment Liabilities	67 197 569
Total Liabilities as per Statement of Financial Position	<u>67 197 569</u>
Difference	-

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

KAMMERSBERG MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

ASSETS	Notes	Original Budget	Budget Adjustment (Lfs, 528 and 571 of the MFPA)	Final Adjustment	Shifting of Funds (Lfs, 571A) of the MFPA)	Virement applied by Council	Final Budget	Actual Outcome 2021	Actual Outcome as % of Final Budget
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash		8 544 595	(3 522 000)	5 252 595	-	-	5 252 595	3 941 913	-24,95%
Call Investment Deposits		2 008 000	2 916 000	4 924 000	-	-	4 924 000	756 591	-64,25%
Consumer Debters		3 321 950	-	3 321 950	-	-	3 321 950	4 854 549	46,16%
Other Debtors		714 703	-	714 703	-	-	714 703	11 883 258	1564,08%
Current Portion of Long-term receivables		224 802	-	324 802	-	-	324 802	414 883	27,82%
Inventory		-	-	-	-	-	-	21 862 004	80,28%
<b>Total Current Assets</b>	43.2.1	15 013 481	(476 000)	14 537 481	-	-	14 537 481	21 862 004	80,28%
<b>Non-Current Assets</b>									
Long-term Receivables		-	-	-	-	-	-	-	-
Investments		23 980 800	-	23 980 800	-	-	23 980 800	26 374 791	3,98%
Investment Property		-	-	-	-	-	-	-	-
Investment in Joint Ventures		-	-	-	-	-	-	-	-
Property, Plant and Equipment		202 847 746	1 800 000	204 447 746	-	-	204 447 746	237 766 410	16,30%
Agricultural Assets		-	-	-	-	-	-	-	-
Biological Assets		21 085	-	21 085	-	-	21 085	281 281	1283,94%
Intangible Assets		5 400	-	5 400	-	-	5 400	5 400	0,00%
Other Non-Current Assets		-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	43.2.2	226 855 031	1 800 000	228 455 031	-	-	228 455 031	264 427 662	15,75%
<b>TOTAL ASSETS</b>		241 868 512	1 324 000	242 992 512	-	-	242 992 512	286 289 666	17,82%
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Bank Overdraft		-	-	-	-	-	-	-	-
Borrowing		1 617 482	-	1 617 482	-	-	1 617 482	200 633	12,40%
Consumer Deposits		8 800 879	-	8 800 879	-	-	8 800 879	69 951 184	624,81%
Trade and Other Payables		2 148 366	-	2 148 366	-	-	2 148 366	2 942 810	36,97%
Provisions		-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	43.2.3	12 566 827	-	12 566 827	-	-	12 566 827	74 020 584	481,75%
<b>Non-Current Liabilities</b>									
Borrowing		10 587 486	-	10 587 486	-	-	10 587 486	1 26 039	-84,81%
Provisions		28 402 844	-	28 402 844	-	-	28 402 844	35 367 021	23,35%
<b>Total Non-Current Liabilities</b>	43.2.4	39 990 310	-	39 990 310	-	-	39 990 310	38 993 659	-4,00%
<b>TOTAL LIABILITIES</b>		52 557 137	-	52 557 137	-	-	52 557 137	111 013 013	111,25%
<b>NET ASSETS</b>									
Accumulated Surplus		189 111 375	1 324 000	190 435 375	-	-	190 435 375	175 276 653	-7,92%
Reserves		-	-	-	-	-	-	-	-
<b>TOTAL NET ASSETS</b>	43.2.5	189 111 375	1 324 000	190 435 375	-	-	190 435 375	175 276 653	-7,88%

**KAMIESBERG MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

	Original Budget	Budget Adjustments (Additions / (MFA))	Final Budget	Spilling of Funds (i.e. MFA)	Virement (i.e. Council approved by law)	Final Budget	Actual 2021	Actual % of Final Budget
<b>REVENUE</b>								
Property Rates	11 738 157	-	11 738 157	-	-	11 738 157	5 701 507	-51,63%
Service Charges - Electricity Revenue	10 118 265	-	10 118 265	-	-	10 118 265	10 725 296	6,10%
Service Charges - Water Revenue	4 597 552	-	4 597 552	-	-	4 597 552	2 811 798	-43,07%
Service Charges - Sanitation Revenue	1 500 530	-	1 500 530	-	-	1 500 530	1 556 234	-18,12%
Service Charges - Refuse Revenue	1 545 333	-	1 545 333	-	-	1 545 333	1 246 012	-32,33%
Rental of Facilities - Refuse Revenue	198 636	-	198 636	-	-	198 636	98 478	-50,44%
Rental of Facilities - Refuse Revenue	150 746	-	150 746	-	-	150 746	114 657	-26,55%
Interest Earned - Operational Investments	4 504 416	3 000 000	7 504 416	-	-	7 504 416	5 103 702	-31,93%
Dividends Received	-	-	-	-	-	-	190	-80,59%
Fines	2 089	-	2 089	-	-	2 089	475	-70,33%
Licences and Permits	1 601	-	1 601	-	-	1 601	1 38 845	0,09%
Agency Services	30 073 000	1 539 000	31 612 000	-	-	31 612 000	24 026 580	-22,39%
Transfers Recognised - Operational	1 941 252	-	1 941 252	-	-	1 941 252	1 650 447	-14,99%
Other Revenue	-	-	-	-	-	-	637 226	100,00%
Gains on Disposal of PPE	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>67 128 011</b>	<b>4 539 000</b>	<b>71 667 011</b>	<b>-</b>	<b>-</b>	<b>71 667 011</b>	<b>54 333 717</b>	<b>-24,18%</b>
<b>EXPENDITURE</b>								
Employee Related Costs	26 461 077	685 000	26 136 077	-	-	26 136 077	30 424 628	16,41%
Remuneration of Councillors	2 636 306	-	2 636 306	-	-	2 636 306	2 632 281	-10,76%
Remuneration of Councillors	6 848 750	-	6 848 750	-	-	6 848 750	6 068 090	-11,40%
Debt Impairment	12 964 882	-	12 964 882	-	-	12 964 882	21 536 254	66,57%
Debt Impairment - Asset Impairment	1 454 878	-	1 454 878	-	-	1 454 878	12 849 126	294,63%
Finance Charges	1 454 878	(1 050 000)	404 878	-	-	404 878	2 502 126	-33,61%
Bulk Purchases	3 493 267	632 000	4 125 267	-	-	4 071 000	3 063 319	-182,03%
Other Materials	1 083 267	-	1 083 267	-	-	1 083 267	1 083 319	0,00%
Contracted Services	7 052 000	(1 921 000)	5 131 000	-	-	5 131 000	6 412 572	24,98%
Transfers and Grants	-	-	-	-	-	-	-	-
Loss on Disposal of PPE	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>43 312</b>	<b>(1 654 000)</b>	<b>41 658 000</b>	<b>-</b>	<b>-</b>	<b>41 658 000</b>	<b>69 897 530</b>	<b>26,89%</b>
<b>Surplus/(Deficit)</b>	<b>24 816 011</b>	<b>6 193 000</b>	<b>31 009 011</b>	<b>-</b>	<b>-</b>	<b>31 009 011</b>	<b>(15 563 813)</b>	<b>-50,20%</b>
Transfers Recognised - Capital	19 534 000	-	19 534 000	-	-	19 534 000	30 448 037	55,86%
Contributors Recognised - Capital	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>13 282 011</b>	<b>6 193 000</b>	<b>19 475 011</b>	<b>-</b>	<b>-</b>	<b>19 475 011</b>	<b>(15 563 813)</b>	<b>-54,25%</b>
Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	13 521 753	6 193 000	19 704 753	-	-	19 704 753	(5 212 779)	-26,45%
Amounts to Municipalities	13 521 753	6 193 000	19 704 753	-	-	19 704 753	(5 212 779)	-26,45%
Surplus/(Deficit) Attributable to Municipality	-	-	-	-	-	-	-	-
Share of Surplus/(Deficit) of Associate	13 521 753	6 193 000	19 704 753	-	-	19 704 753	(5 212 779)	-26,45%
Surplus/(Deficit) for the year	-	-	-	-	-	-	-	-

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

	Notes	Budget		Final Budget	Shifting of Funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved by-law)	Final Budget	Actual Outcome 2021	Actual Outcome as % of Final Budget %
		Original Budget	Adjustments (i.e. s28 and s31 of the MFMA)						
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Taxation		8 841 118	-	8 841 118	-	-	8 841 118	4 472 045	-49,42%
Service Charges		18 295 471	-	18 295 471	-	-	18 295 471	4 573 387	-74,97%
Other Revenue		3 482 892	-	3 482 892	-	-	3 482 892	2 280 553	-34,53%
Government - Operating		30 079 000	1 529 000	31 608 000	-	-	31 608 000	40 487 661	28,09%
Government - Capital		19 534 000	-	19 534 000	-	-	19 534 000	13 103 038	-32,53%
Interest		160 748	-	160 748	-	-	160 748	5 216 559	3146,43%
Dividends		-	-	-	-	-	-	-	-
<b>Payments</b>									
Suppliers and Employees		(61 647 640)	-	(61 647 640)	-	-	(61 647 640)	(34 931 913)	-43,34%
Finance costs		(1 706 097)	-	(1 706 097)	-	-	(1 706 097)	(2 180 347)	27,50%
Transfers and Grants		-	-	-	-	-	-	-	-
<b>Net Cash from/(used) Operating Activities</b>		<b>43.4.1</b>	<b>17 039 482</b>	<b>1 529 000</b>	<b>18 568 482</b>	<b>-</b>	<b>18 568 482</b>	<b>33 028 243</b>	<b>77,87%</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-
Decrease/(increase) in Non-Current Debtors		-	-	-	-	-	-	-	-
Decrease/(increase) in Other Non-Current Receivables		-	-	-	-	-	-	-	-
Decrease/(increase) in Non-Current Investments		-	-	-	-	-	-	-	-
<b>Payments</b>									
Capital Assets		(19 534 000)	-	(19 534 000)	-	-	(19 534 000)	(28 923 686)	53,19%
<b>Net Cash from/(used) Investing Activities</b>		<b>43.4.2</b>	<b>(19 534 000)</b>	<b>-</b>	<b>(19 534 000)</b>	<b>-</b>	<b>(19 534 000)</b>	<b>(28 923 686)</b>	<b>53,19%</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short Term Loans		-	-	-	-	-	-	-	-
Borrowing long term/financing		71 132	-	71 132	-	-	71 132	13 011	100,00%
Increase/(Decrease) in Consumer Deposits		-	-	-	-	-	-	-	-81,71%
<b>Payments</b>									
Repayment of Borrowing		3 861 694	-	3 861 694	-	-	3 861 694	(70 404)	-101,82%
<b>Net Cash from/(used) Financing Activities</b>		<b>43.4.3</b>	<b>3 932 826</b>	<b>-</b>	<b>3 932 826</b>	<b>-</b>	<b>3 932 826</b>	<b>(57 393)</b>	<b>-101,45%</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>1 436 318</b>	<b>(271 000)</b>	<b>1 167 318</b>	<b>-</b>	<b>-</b>	<b>1 167 318</b>	<b>3 047 254</b>	<b>161,05%</b>
<b>Cash and Cash Equivalents at the year begin</b>		<b>5 259 282</b>	<b>-</b>	<b>5 253 282</b>	<b>-</b>	<b>-</b>	<b>5 253 282</b>	<b>2 015 541</b>	<b>-61,63%</b>
<b>Cash and Cash Equivalents at the year end</b>		<b>6 691 600</b>	<b>(271 000)</b>	<b>6 420 600</b>	<b>-</b>	<b>-</b>	<b>6 420 600</b>	<b>5 062 795</b>	<b>-21,45%</b>

**KAMIESBERG MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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**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.



**KAMIESBERG MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1.4. COMPARATIVE INFORMATION**

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

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by the National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.3, on which the municipality was required to transact for periods from 1 July 2019. The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of 2019 audited amounts are set out in note 38 of the annual financial statements.

**1.5. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

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

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

The comparable information includes the following:

- the approved and final budget amounts;

**KAMIESBERG MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

- 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.

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

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

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

The following GRAP standards 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 34 (Revised – April 2021)	<u>Separate Financial Statements</u> The objective of this Standard is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements.	1 April 2020
GRAP 35 (Revised – April 2021)	<u>Consolidated Financial Statements</u> The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.	1 April 2020
GRAP 36 (Revised – April 2021)	<u>Investments in Associates and Joint Ventures</u> The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 April 2020
	No significant impact expected as no such transactions or events are expected in the foreseeable future.	
	No significant impact expected as no such transactions or events are expected in the foreseeable future.	

**KAMIESBERG MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 37 (Revised – April 2021)	<b>Joint Arrangements</b> The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements)	1 April 2020
	No significant impact expected as no such transactions or events are expected in the foreseeable future.	
GRAP 38 (Revised - April 2021)	<b>Disclosure of Interest in Other Entities</b> The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate: a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and b) the effects of those interests on its financial position, financial performance and cash flows.	1 April 2020
	No significant impact expected as no such transactions or events are expected in the foreseeable future.	
GRAP 104 (Revised – April 2021)	<b>Financial Instruments</b> 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
GRAP 110 (Revised – April 2021)	<b>Living and non-living resources</b> The objective of this Standard is prescribing the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.  No significant impact expected as no such transactions or events are expected in the foreseeable future.	1 April 2020

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

**KAMIESBERG MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1.9. RESERVES**

**1.9.1. Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

**1.10. LEASES**

**1.10.1. Municipality as Lessee**

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

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

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

**1.10.2. Municipality as Lessor**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable

**KAMIESBERG MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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 leased asset is diminished.

#### **1.11. BORROWING COST**

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

#### **1.12. 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.

#### **1.13. 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

**KAMIESBERG MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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.

#### **1.14. 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 is 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.

#### **1.15. 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

**KAMIESBERG MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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.

#### **1.16. 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

**KAMIESBERG MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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:



**KAMIESBERG MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

- 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 repayment 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.

**1.17. PROPERTY, PLANT AND EQUIPMENT**

**1.17.1. 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 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.

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

**1.17.2. 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.

**1.17.3. Depreciation and Impairment**

Land is not depreciated as it is regarded as having an indefinite useful 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. Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances

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

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

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

	<b>Years</b>
<b><u>Land and Buildings</u></b>	
Land	Indefinite
Buildings	2-100
<b><u>Infrastructure</u></b>	
Roads and Streets	1-70
Storm Water	1-50

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Electricity	1-40
Water	1-70
Sanitation	1-30
Waste Management	1-50
Other	30

**Community**

Recreation Grounds	4-40
Housing	5-40
Community Halls	2-40
Libraries	2-40
Parks and Gardens	2-40
Clinics	2-40
Security and Policing	2-40
Other	2-40

**Finance lease assets**

Office equipment	2-5
Other assets	2-5

**Other**

Motor Vehicles	5-10
Furniture and other Office equipment	3-10
Furniture and fittings	2-32
Plant and Equipment	2-15
Computer equipment	3-5

**1.17.4. 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.

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

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

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**1.18. INTANGIBLE ASSETS**

**1.18.1. 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.

**1.18.2. 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.

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**1.18.3. Amortisation and Impairment**

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

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	2-5
Computer Software Licenses	2-5

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

**1.18.4. De-recognition**

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

**1.18.5. 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 2007.

**1.19. INVESTMENT PROPERTY**

**1.19.1. 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.

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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.

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.

**1.19.2. 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.

**1.19.3. 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>	<u>Years</u>
Buildings	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 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.

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**1.19.4. De-recognition**

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

**1.19.5. 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 2007.

**1.20. AGRICULTURE**

**1.20.1. Initial Recognition**

A biological asset or agricultural produce is recognised when and only when:

- the Municipality controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality;
- and the fair value or cost of the asset can be measured reliably.

Biological assets are initially measured at their fair value less cost to sell. Bearer plants are recognised as Property, Plant and Equipment in terms of GRAP 17.

**1.20.2. Subsequent Measurement**

Biological assets are measured at their fair value less cost to sell.

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry. Game is considered to be consumable biological assets.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is included in profit or loss for the period in which it arises.

**1.21. HERITAGE ASSETS**

**1.21.1. Initial Recognition**

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

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

A heritage asset that qualifies for recognition as an asset is measured at its cost.

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

**1.21.2. Subsequent Measurement – Cost Model**

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

**1.21.3. Depreciation and Impairment**

Heritage assets are not depreciated

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

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

**1.21.4. De-recognition**

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

**1.21.5. 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 2011.

**1.22. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.22.1. Cash generating assets**

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



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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;
  - 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

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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.

**1.22.2. 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

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- 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.

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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.

### **1.23. 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.

### **1.24. INVENTORIES**

#### **1.24.1. 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.

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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.

**1.24.2. Subsequent Measurement**

Inventories, consisting of consumable stores, land, materials and supplies, water and work-in-progress, 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 and the calculated volume in the distribution network.

Land held for sale is measured as the lower of cost and current replacement cost. Cost of land held for sale is assigned by using specific identification of their individual costs. Land is transferred from Investment Property to Inventory at carrying value, when it is available for sale in the ordinary course of operations or in the process of development for sale.

**1.25. 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.

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**1.25.1. 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.

**1.25.2. 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.

**1.25.2.1. 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 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

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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.

**1.25.2.2. 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.

**1.25.2.3. 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.

**1.25.3. De-recognition**

**1.25.3.1. 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 in full 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

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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.

**1.25.3.2. 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 derecognition 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.

**1.25.4. 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.

**1.26. 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.



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**1.26.1. Initial Recognition**

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

**1.26.2. 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.

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.

**1.26.3. 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

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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.

**1.26.4. 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 transitional period commences on 1 June 2019 and will be utilised until the period ending 30 June 2022.

**1.27. REVENUE**

**1.27.1. Revenue from Non-Exchange Transactions**

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

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is 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.

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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

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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.

**1.27.2. 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.

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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

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- 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.

### **1.28. 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.

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**1.29. 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.

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**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.

**1.30. 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



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- (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.

### **1.31. RELATED PARTIES**

The Municipality resolved to adopt some of 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.

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- 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.

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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.

**1.32. 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.

**1.33. 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.

**1.34. 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.

**1.35. 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

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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.

### **1.36. 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 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 12 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.

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***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

**KAMIESBERG MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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, Management considers and required return on assets to determine the optimum useful 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 net present value of the

**KAMIESBERG MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

expected future cash flows 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.

***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.

**1.37. 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.

**KAMIESBERG MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1.38. MATERIAL LOSSES**

Material Losses represents distribution losses of electricity and water. The electricity and water units lost are calculated by taking into account the units purchased and sold during the year. Thereafter, the lost units are quantified by using the acquisition price.

Distribution losses for electricity are only disclosed in the financial statements in terms of the Municipal Finance Management Act (Act 56 of 2003).

Distribution losses for water are recognised and disclosed in the financial statements in terms of the Water Services Act (Act 108 of 1997) and the Municipal Finance Management Act (56 of 2003).

**1.39. 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.

**1.40. 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.



KAMIESBERG MUNICIPALITY

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

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2021

	Opening Balance	Correction of Error	Cost			Closing Balance	Opening Balance	Correction of Error	Accumulated Depreciation and Impairment Losses			Closing Balance	Carrying Value
			Under Construction	Disposals	Disposals				Depreciation	Disposals	Impairment		
Infrastructure	134 532 288	-	144 348	-	-	134 776 636	61 578 484	-	4 357 101	-	-	65 938 655	48 641 072
Leases	60 551 299	-	657 633	-	-	61 873 349	29 345 672	-	3 024 533	-	-	33 980 295	29 493 124
Electricity	125 356 850	-	9 919 038	-	-	140 805 331	47 288 497	-	5 482 893	-	-	33 481 351	87 324 970
Water Supply	15 328 820	-	7 254 773	6 121 443	-	25 333 001	6 294 676	-	638 499	-	-	7 133 474	16 199 528
Sewerage	28 726 940	-	1 532 942	2 751 402	-	30 219 882	6 235 714	-	5 531 229	-	-	11 766 944	18 452 699
Solid Waste	2 104 042	-	-	-	-	2 104 042	984 349	-	246 891	-	-	1 754 430	872 712
Solid Waste Infrastructure	26 622 898	-	1 532 942	-	-	28 155 840	5 251 365	-	5 284 246	-	-	10 335 613	17 620 227
Landfill Sites	364 053 138	-	16 244 692	9 651 310	-	383 049 200	171 445 253	-	19 254 275	-	-	195 057 568	202 351 632
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	70 848	-	-	-	-	70 853	36 454	-	7 097	-	-	42 521	28 347
Centres	829 247	-	-	-	-	828 247	524 454	-	68 885	-	-	413 308	414 939
Concerts/Cinema	130 645	-	-	-	-	128 643	94 821	-	6 480	-	-	35 311	89 234
Parks	7 557 073	-	2 501 483	-	-	10 058 556	1 007 878	-	188 349	-	-	1 196 225	8 682 230
Outdoor Facilities	6 576 633	-	-	-	-	11 072 316	1 416 638	-	270 791	-	-	1 687 395	3 350 530
Lead and Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Land	7 152 488	-	-	-	-	7 143 488	8 375 423	-	1 257 242	-	-	9 627 985	7 150 488
Operational Buildings	25 174 137	-	-	-	-	25 174 137	6 375 423	-	1 257 242	-	-	9 627 985	15 456 722
Other Assets	32 326 633	-	-	-	-	32 326 633	-	-	-	-	-	-	22 689 270
Computer Equipment	495 325	-	-	-	-	490 826	100 048	-	105 422	-	-	291 000	289 627
Furniture and Office Equipment	1 415 673	-	309 093	-	(4 500,00)	1 914 866	886 127	-	35 997	-	-	917 144	967 723
Machinery and Equipment	1 302 838	-	-	-	(10 059,78)	1 300 838	787 679	-	86 784	-	-	854 342	486 486
Transport Assets	2 560 186	-	-	-	-	2 580 166	1 885 678	-	110 741	-	-	1 976 319	583 417
Leases	5 774 203	-	508 029	-	(14 560)	6 268 697	3 643 330	-	319 935	-	-	3 566 805	2 309 892,0
Furniture and Office Equipment	1 258 623	-	-	-	(711 807,77)	548 018	908 666	-	174 870	-	-	373 728	175 287
Transport Assets	2 099 398	-	-	-	(711 808)	2 087 374	964 983	-	282 892	-	-	1 283 978	892 380
Total	3 299 182	-	-	-	(711 808)	2 687 374	1 873 748	-	470 786	-	-	1 632 707	1 014 067,1
	414 540 051	-	21 885 229	9 651 310	(728 389)	448 370 222	186 758 081	-	21 588 016	-	(222 289)	207 603 811	237 766 411

KAMIESBERG MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2020

2.2 30 JUNE 2020

	Opening Balance	Correction of Error	Cost/Revaluation		Disposals	Closing Balance	Opening Balance	Accumulated Depreciation and Impairment	Depreciation	Disposals	Impairment Losses	Closing Balance	Carrying Value
			Additions	Under Construction									
Infrastructure	134 239 278	-	-	373 010	-	134 632 288	77 039 422	4 482 041	-	-	-	81 578 464	53 053 625
Roads	57 840 033	-	2 282 288	318 980	-	60 551 299	26 090 223	3 000 735	-	234 687	-	29 545 672	31 205 627
Electricity	117 632 644	-	8 339 803	973 398	-	125 365 850	42 005 304	5 483 677	-	-	-	47 988 457	77 377 383
Water Supply	15 238 820	-	(2 089 827)	-	-	15 326 820	5 452 042	642 834	-	-	-	6 284 976	9 031 645
Sewerage	21 652 106	-	-	-	-	28 726 840	2 744 570	2 132 641	-	-	-	6 235 714	22 491 225
Solid Waste	1 627 620	-	478 422	-	-	2 104 042	743 323	241 028	-	-	-	684 349	1 119 693
Solid Waste Infrastructure	19 999 466	-	(1 540 823)	-	-	28 622 898	2 001 247	5 251 368	-	-	-	5 251 368	21 371 533
Landfill Sites	346 382 882	-	6 742 097	1 685 389	-	354 803 198	153 882 584	15 545 538	-	234 687	-	171 443 293	193 159 503
Community Assets	70 889	-	-	-	-	70 889	28 347	7 087	-	-	-	35 434	35 434
Community Facilities	628 347	-	-	-	-	628 347	272 536	68 895	-	-	-	344 424	483 824
Centres	120 645	-	-	-	-	120 645	22 381	6 450	-	-	-	28 659	81 768
Cultural/Community Parks	4 304 958	-	-	3 282 713	-	7 587 073	620 359	197 520	-	-	-	1 007 878	8 519 197
Outdoor Facilities	5 324 718	-	-	-	-	6 576 633	1 446 634	250 951	-	-	-	1 419 385	7 180 248
Land and Buildings	7 094 498	68 000	-	-	-	7 162 498	7 120 545	1 254 578	-	-	-	8 375 123	16 788 014
Other Land	29 174 137	-	-	-	-	29 174 137	7 120 545	1 254 578	-	-	-	8 375 123	23 951 512
Operational Buildings	32 238 635	68 000	-	-	-	32 326 635	7 120 545	1 254 578	-	-	-	8 375 123	23 951 512
Other Assets	412 247	-	91 185	-	(8 115)	485 326	337 727	32 531	-	(8 115)	(144)	100 048	369 279
Computer Equipment	1 342 888	-	114 630	-	(41 753)	1 415 873	1 083 408	104 871	-	(40 828)	(144)	888 127	529 746
Furniture and Office Equipment	1 308 668	-	-	-	(5 828)	1 302 838	1 041 586	97 021	-	(5 828)	-	787 576	595 260
Machinery and Equipment	2 580 765	-	205 645	-	(55 703)	2 580 765	2 237 579	142 426	-	(54 624)	(44)	1 985 578	694 588
Transport Assets	5 624 052	-	-	-	-	5 774 203	4 720 884	358 809	-	-	(44)	3 548 330	2 124 873
Leases	1 018 138	-	241 686	-	-	1 259 823	707 465	290 201	-	-	-	808 666	330 158
Furniture and Office Equipment	2 089 338	-	-	-	-	2 089 338	1 097 851	451 007	-	-	-	965 083	1 135 276
Transport Assets	3 177 487	-	241 985	-	-	3 359 182	1 805 285	652 238	-	-	-	1 673 748	1 485 333
Total	983 307 753	68 000	7 189 627	4 917 504	(65 703)	1 044 640 051	188 878 724	18 493 143	(54 924)	234 683	-	188 738 081	227 881 970

KAMIESBERG MUNICIPALITY

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

	2021	2020
	R	R
<b>2.3 Property, Plant and Equipment which is in the process of being constructed or developed:</b>		
Infrastructure Assets	9 515 584	2 570 376
Roads	517 358	373 010
Electricity	53 992	318 980
Water Supply	6 192 843	1 878 386
Sanitation	2 751 402	-
Community Assets	8 255 668	5 754 185
Total Property, Plant and Equipment under construction	17 771 232	8 324 561
The movements for the year can be reconciled as follows:		
Balance at beginning of year	8 324 561	3 407 057
Expenditure during the year	29 414 543	14 028 184
Assets unbundled during the year	(19 987 872)	(9 110 680)
Balance at end of year	17 771 232	8 324 561
<b>2.4</b> There is no Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected.	2021	2020
	R	R
<b>2.5</b> There is no Property, Plant and Equipment where construction or development has been halted.		
Infrastructure Assets	103 470	-
Roads	103 470	-
Community Assets	-	-
Other Assets	103 470	-
Total	-	-
The project has been halted due to reprioritisation of projects and insufficient funds to complete the project in current year.		
<b>2.6</b> Expenditure Incurred to repair and maintain Property, Plant and Equipment:		
Other materials	504 903	573 835
Contracted Services	470 052	380 777
Total Repairs and Maintenance	974 955	934 612
<b>2.7</b> Contractual commitments for acquisition of Property, Plant and Equipment:		
Approved and contracted for (inclusive of VAT):	5 448 031	9 033 823
Infrastructure	5 448 031	9 033 823
Total	5 448 031	9 033 823
This expenditure will be financed from:		
Government Grants	5 448 031	9 033 823
Total	5 448 031	9 033 823
<b>3. INVESTMENT PROPERTY</b>		
<b>3.1</b> Net Carrying amount at 1 July	26 374 791	26 374 791
Cost	26 374 791	26 283 791
Correction of Error - Note 38.2	-	91 000
Accumulated Depreciation	-	-
Additions	-	-
Disposal	26 374 791	26 374 791
Net Carrying amount at 30 June	26 374 791	26 374 791
Cost	26 374 791	26 374 791
Accumulated Depreciation	-	-
<b>3.2</b> Revenue from Investment Property		
Revenue derived from the rental of Investment Property		
The municipality has no Investment Property which is in the process of being constructed or developed.		
The municipality has no Investment Property that is taking a significantly longer period of time to complete than expected.		
The municipality has no Investment Property where construction or development has been halted.		

KAMIESBERG MUNICIPALITY

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

	2021	2020
	R	R
<b>4. INTANGIBLE ASSETS</b>		
Net Carrying amount at 1 July	309 537	301 402
Cost	406 246	370 177
Correction of Error - Note 39.3	-	237 285
Accumulated Amortisation	(96 710)	(306 041)
Accumulated Impairment Loss	-	-
Additions	-	36 069
Amortisation	(26 276)	(27 934)
Disposals	-	-
Net Carrying amount at 30 June	281 261	309 537
Cost	406 246	406 246
Accumulated Amortisation	(124 985)	(96 710)
Accumulated Impairment Loss	-	-

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.

	2021	2020
<b>5. HERITAGE ASSETS</b>		
Net Carrying amount at 1 July	5 400	5 400
Cost	5 400	5 400
Accumulated Impairment Loss	-	-
Additions	-	-
Disposals	-	-
Net Carrying amount at 30 June	5 400	5 400
Cost	5 400	5 400
Accumulated Impairment Loss	-	-

Heritage assets consists of 3 x short magazine Lee Enfield (SMLE) MK3 Rifles.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

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

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

	2021	2020
<b>6. INVENTORY</b>		
Consumables	332 395	143 908
Water	82 568	72 453
Total Inventory	414 963	216 362

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

	2021	2020
<b>6.1 Inventories recognised as an expense during the year:</b>		
Consumables	2 499 726	2 669 285
Materials and Supplies	203 049	132 083
Total	2 702 775	2 801 367

No Inventories were pledged as security for liabilities.

	2021	2020
<b>7. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Electricity	8 980 827	8 512 293
Water	27 871 704	25 192 294
Waste Management	11 773 527	10 486 966
Waste Water Management	6 616 434	5 854 874
Other Arrears	16 585 447	14 779 545
Total: Receivables from exchange transactions (before provision)	71 827 940	64 825 977
Less: Provision for Debt Impairment	(68 870 900)	(62 796 959)
Total: Receivables from exchange transactions (after provision)	2 757 041	2 029 019

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.

KAMIESBERG MUNICIPALITY

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

	2021	2020
	R	R
<u>Electricity: Ageing</u>		
Current (0 - 30 days)	2 119 045	2 310 139
31 - 60 Days	1 715 042	2 215 345
61 - 90 Days	1 568 313	1 883 934
+ 90 Days	8 430 427	7 872 880
<b>Total</b>	<b>8 980 827</b>	<b>8 512 298</b>

<u>Water: Ageing</u>		
Current (0 - 30 days)	4 07 418	4 119 283
31 - 60 Days	3 65 246	4 118 635
61 - 90 Days	4 28 651	4 21 255
+ 90 Days	2 6 670 389	2 3 933 122
<b>Total</b>	<b>27 871 704</b>	<b>25 192 294</b>

<u>Waste Management: Ageing</u>		
Current (0 - 30 days)	1 97 674	1 91 039
31 - 60 Days	1 81 710	1 82 400
61 - 90 Days	1 74 429	1 74 549
+ 90 Days	11 219 715	9 939 979
<b>Total</b>	<b>11 773 527</b>	<b>10 486 966</b>

<u>Waste Water Management: Ageing</u>		
Current (0 - 30 days)	1 68 938	1 68 850
31 - 60 Days	1 40 427	1 55 243
61 - 90 Days	1 27 869	1 42 441
+ 90 Days	6 179 180	5 398 339
<b>Total</b>	<b>6 616 434</b>	<b>5 854 874</b>

<u>Other: Ageing</u>		
Current (0 - 30 days)	1 39 694	1 39 694
31 - 60 Days	1 57 997	1 37 997
61 - 90 Days	1 37 282	1 37 282
+ 90 Days	1 5 970 475	1 4 364 573
<b>Total</b>	<b>1 6 395 447</b>	<b>1 4 779 545</b>

<u>Other: Ageing</u>		
Current (0 - 30 days)	1 132 788	1 149 005
31 - 60 Days	1 000 422	1 119 620
61 - 90 Days	1 024 545	1 059 480
+ 90 Days	68 470 186	61 497 892
<b>Total</b>	<b>71 627 940</b>	<b>64 825 977</b>

<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	62 796 959	54 463 387
Contribution to provision	5 281 898	7 246 584
VAT on provision	792 253	1 086 989
Balance at end of year	<b>68 870 900</b>	<b>62 796 958</b>

<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	1 624 252	708 059
2+ months past due	-	171 955
	<b>1 624 252</b>	<b>880 014</b>

<b>8. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Taxes - Rates	44 076 603	42 846 941
Other Receivables	499 273	499 275
	44 575 779	43 346 216
	(42 477 870)	(41 891 499)
<b>Less: Provision for Debt Impairment</b>	<b>2 097 908</b>	<b>1 654 717</b>
<b>Total Receivables from non-exchange transactions</b>		

The fair value of other receivables approximate their carrying value.

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

KAMIESBERG MUNICIPALITY

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

<u>(Rates): Ageing</u>			
Current (0 - 30 days)		1 171 245	786 426
31 - 60 Days		710 118	708 039
61 - 90 Days		716 482	698 033
+ 90 Days		41 478 658	40 554 423
Total		<u>44 076 503</u>	<u>42 846 941</u>

<u>Reconciliation of Provision for Debt Impairment</u>			
Balance at beginning of year		41 691 499	32 507 936
Contribution to provision		786 371	9 193 563
Balance at end of year		<u>42 477 870</u>	<u>41 691 499</u>

<u>Ageing of amounts past due but not impaired:</u>			
1 month past due		710 118	708 039
2+ months past due		888 515	447 363
		<u>1 598 633</u>	<u>1 155 442</u>

9. BANK ACCOUNTS

<u>Cash and Cash Equivalents</u>			
Current Accounts		3 941 913	1 091 182
Call Deposits and Investments		759 591	924 359
Total Cash and Cash Equivalents - Assets		<u>4 698 904</u>	<u>2 015 541</u>
		2021	2020
		R	R

The municipality has the following collateral, contingent balances and guarantees on bank accounts:

Collateral legal entity - Kamiesberg Local Municipality:			
<u>Type</u>	<u>Face value</u>	<u>Date signed</u>	
Cession & Pledge of Credit Balances	R 151 734	2010/09/20	
Cession & Pledge of Credit Balances	R 115 000	-	
	<u>R 266 734</u>		

Contingent balances - Kamiesberg Local Municipality:		
<u>Type</u>	<u>Face value</u>	
Contingent balance	R 184 412	

The municipality has the following bank accounts:

<u>Current Accounts</u>			
First National Bank - Account Number 620 2250 1440 (Primary Bank Account):		3 941 913	1 091 182
		<u>3 941 913</u>	<u>1 091 182</u>

<u>Call Deposits and Investments</u>			
First National Bank - Account Number 62012466018:		741	4 460
First National Bank - Account Number 62182751729:		781	233 600
First National Bank - Account Number 62117682791:		8 392	8 593
First National Bank - Account Number 74282299369:		341 085	329 809
First National Bank - Account Number 71053360915:		171 063	165 099
First National Bank - Account Number 71059364764:		190 304	183 398
Investec - Account Number 1100528298627:		-	-
		<u>712 366</u>	<u>924 359</u>

Details of current account is as follow:

<u>First National Bank - Account Number 620 2250 1440 (Primary Bank Account):</u>			
Cash book balance at beginning of year		1 091 182	537 738
Cash book balance at end of year		<u>3 941 913</u>	<u>1 091 182</u>
<u>Bank statement balance at beginning of year</u>			
Bank statement balance at end of year		317 587	125 413
		<u>408 488</u>	<u>317 587</u>
<u>Details of call investment accounts are as follow:</u>			
<u>First National Bank - Account Number 62012466018:</u>			
Cash book balance at beginning of year		4 460	-
Cash book balance at end of year		<u>741</u>	<u>4 460</u>
<u>Bank statement balance at beginning of year</u>			
Bank statement balance at end of year		4 460	4 460
		<u>741</u>	<u>4 460</u>

KAMESBERG MUNICIPALITY

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

	2021	2020
	R	R
<i>First National Bank - Account Number 62182271728:</i>		
Cash book balance at beginning of year	233 000	756 828
Cash book balance at end of year	781	233 000
Bank statement balance at beginning of year	233 000	756 828
Bank statement balance at end of year	781	233 000
<i>First National Bank - Account Number 62117622791:</i>		
Cash book balance at beginning of year	8 593	8 591
Cash book balance at end of year	8 392	8 593
Cash book balance at end of year	8 593	8 891
Cash book balance at end of year	8 392	8 593
Bank statement balance at beginning of year	329 809	311 441
Bank statement balance at end of year	341 085	329 809
<i>First National Bank - Account Number 742822939369:</i>		
Cash book balance at beginning of year	329 809	311 441
Cash book balance at end of year	341 085	329 809
Bank statement balance at beginning of year	165 099	154 166
Bank statement balance at end of year	171 083	165 099
<i>First National Bank - Account Number 710533303915:</i>		
Cash book balance at beginning of year	165 099	154 166
Cash book balance at end of year	171 083	165 099
Bank statement balance at beginning of year	183 398	171 253
Bank statement balance at end of year	190 304	183 398
<i>First National Bank - Account Number 710539354764:</i>		
Cash book balance at beginning of year	183 398	171 253
Cash book balance at end of year	180 304	183 398
Bank statement balance at beginning of year	-	513 156
Bank statement balance at end of year	-	-
<i>Investec - Account Number 7106528298621:</i>		
Cash book balance at beginning of year	-	513 156
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-
<b>10. LONG-TERM BORROWINGS</b>	<b>326 472</b>	<b>1 208 598</b>
Capitalised Lease Liability - At amortised cost	398 901	809 697
Previously stated	809 697	-
Correction of Error - Note 38.4	(200 839)	(811 722)
<b>Less:</b>	<b>326 472</b>	<b>1 208 598</b>
Current Portion transferred to Current Liabilities	(200 839)	-
Capitalised Lease Liability - At amortised cost	-	(239 452)
- Previously Stated	125 638	(608 270)
- Correction of error	125 638	396 875
<b>Total Long-term Borrowings</b>	<b>326 472</b>	<b>396 875</b>
<b>10.1</b>		
The obligations under finance leases are scheduled below:		
Amounts payable under finance leases:		
Payable within one year	232 333	1 086 077
Payable within two to five years	150 000	382 020
Payable after five years	-	-
<b>Less:</b>		
Future finance obligations	382 333	1 448 097
Present value of finance lease obligations	(55 861)	(239 500)
<b>The capitalised lease liability consist out of the following contracts:</b>	<b>326 472</b>	<b>1 208 598</b>
	<b>Minimum</b>	<b>payments</b>





KAMIESBERG MUNICIPALITY

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

	Tweevrив	Kharakams	Koifingnaas
Rehabilitation area (nr <sup>2</sup> )	2 715	1 993	5 084
Preliminary and General	213 365	197 923	375 031
Site Clearance and Preparation	3 177	2 332	5 948
Stormwater Control Measures	400 870	457 837	574 278
Capping	701 019	539 931	1 442 108
Leachate Management	195 954	211 889	273 550
Fencing	11 999	11 999	11 999
Environmental Authorisation (Closure License)	445 500	445 500	445 500
Technical ROD	195 000	195 000	195 000
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment)	220 797	184 341	286 617
Landscape Architects	135 977	135 798	136 198
Topographical Survey	6 750	6 750	11 733
Contingencies	152 638	141 591	268 291
Engineering Professional Fees	230 653	212 425	363 665
Site Supervision (Engineer's Representative)	160 811	158 778	177 371
Site Supervision (Environmental Control Officer&CHS Agent)	131 632	128 585	150 698
Leifontein			
Rooffontein/ Kamassies			
Paulshoek			
Kamieskroon			
1 022	2 910	685	10 697
110 751	226 710	91 647	616 855
1 196	3 405	801	12 515
260 729	420 157	240 737	695 945
285 104	755 303	200 400	2 748 365
122 514	204 267	110 044	325 204
11 999	11 999	11 999	11 999
445 500	445 500	445 500	445 500
195 000	195 000	195 000	195 000
153 325	300 348	189 762	189 064
135 467	194 942	135 494	135 590
6 750	6 750	6 750	12 203
79 229	162 185	65 563	441 286
109 529	246 405	106 300	592 021
155 024	149 081	155 337	219 575
122 391	112 901	122 891	151 421

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 an average inflation rate of 5,08%, and -date of decommission of the sites are as follows:

Location	Estimated decommission date	2021	2020
Hondeklip Bay	2021	5 363 514	19 823 978
Koifingnaas	2025	5 708 257	14 486 167
Klipfontein	2026	3 640 768	3 236 227
Soebatsfontein	2065	41 940 690	37 316 525
Gaies	2031	10 747 832	9 172 703
Tweevrив	2042	8 914 315	7 874 851
Kharakams	2031	4 921 989	4 341 024
Spogrviver	2026	3 368 848	2 543 455
Nourivur	2023	2 929 815	3 059 393
Leifontein	2030	3 401 487	4 594 857
Rooffontein/ Kamassies	2029	4 982 552	3 050 729
Paulshoek	2031	3 380 360	3 442 217
Kamieskroon	2057	39 212 051	34 442 217
		<u>138 512 608</u>	<u>146 926 614</u>

12. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits  
 Provision for Long Service Awards  
 Total Non-current Employee Benefits

	2021	2020
<u>Post Retirement Health Care Benefits</u>		
Balance 1 July	1 848 000	2 224 279
Contribution for the year	324 000	367 336
Expenditure for the year	(58 687)	(35 536)
Increase in subsidy	313 000	
Actuarial Gain	220 687	(688 078)
Total provision 30 June	<u>2 647 000</u>	<u>1 848 000</u>
Less: Transfer of Current Portion to Current Provisions - Note 14	(59 000)	(51 000)
Balance 30 June	<u>2 588 000</u>	<u>1 797 000</u>

KAMIESBERG MUNICIPALITY

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

<u>Long Service Awards</u>			
Balance 1 July	1 304 000		1 297 988
Contribution for the year	227 000		222 474
Expenditure for the year	(79 013)		(120 184)
Actuarial Gain	(92 987)		(95 988)
<b>Total provision 30 June</b>	<b>1 413 000</b>		<b>1 304 000</b>
Less: Transfer of Current Portion to Current Provisions - Note 14	(117 000)		(127 000)
<b>Balance 30 June</b>	<b>1 302 000</b>		<b>1 177 000</b>

12.1 Provision for Post Retirement Health Care Benefits

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

In-service (employee) members	22	21
In-service (employee) non-members	74	71
Continuation members (e.g. Retirees, widows, orphans)	2	2
<b>Total Members</b>	<b>98</b>	<b>94</b>

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

In-service members	1 445 000	966 000
In-service non-members	847 000	586 000
Continuation members	355 000	296 000
<b>Total Liability</b>	<b>2 647 000</b>	<b>1 848 000</b>

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

	2019	2018	2017
	R	R	R
In-service members	1 234 866	1 113 651	1 233 705
In-service non-members	678 794	765 477	800 140
Continuation members	310 619	285 814	297 939
<b>Total Liability</b>	<b>2 224 279</b>	<b>2 164 942</b>	<b>2 331 784</b>

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

L/A Health		
The Current-service Cost for the ensuing year is estimated to be R195 000.		
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	10,78%	10,78%
Health Care Cost Inflation Rate	6,98%	6,83%
Net Effective Discount Rate	3,09%	3,70%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuary. The Pensioner Annuitant (90) or "PA(90)" tables are a set of mortality tables based on UK life insurance office pensioners during the period 1987-70. These mortality rates were then projected to estimate mortality rates applicable in 1990.

iii) Normal retirement age

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

iv) Expected rate of salary increases

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

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

Present value of fund obligations	2 647 000	1 848 000
Fair value of plain assets	2 647 000	1 848 000
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
<b>Net liability/(asset)</b>	<b>2 647 000</b>	<b>1 848 000</b>

KAMIESBERG MUNICIPALITY

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

	2021	2020
	R	R
	1 848 000	2 224 279
	265 313	311 799
	1 277 000	1 586 258
	197 000	2 111 077
	(59 687)	(55 537)
	533 687	(898 079)
	2 647 000	1 848 000

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	
Total expenses	
Current service cost	
Interest Cost	
Benefits Paid	
Actuarial (gains)/losses	
Present value of fund obligation at the end of the year	

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	
Past Service Costs	
Actuarial (gains)/losses	
Benefits Paid	
Fair value of plan assets at the end of the year	

Sensitivity Analysis on the Accrued Liability on 30 June 2021

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change	
Central Assumptions	2,292	0,355	2,647		
The effect of movements in the assumptions are as follows:					
Assumption	Change				
Health care inflation	+1%	2,499	0,373	2,872	9%
Health care inflation	-1%	2,011	0,339	2,350	-11%
Discount rate	+1%	1,931	0,339	2,270	-14%
Discount rate	-1%	2,749	0,373	3,122	18%
Post-retirement mortality	+1 year	2,227	0,337	2,564	-3%
Post-retirement mortality	-1 year	2,358	0,375	2,733	3%
Average retirement age	-1 year	2,571	0,355	2,926	11%
Withdrawal Rate	-10%	1,986	0,385	2,341	-12%

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	127 000	197 000	324 000

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%	145 000	221 000	366 000	13%
Health care inflation	-1%	109 000	169 000	275 000	-15%
Discount rate	+1%	107 000	184 000	291 000	-10%
Discount rate	-1%	153 000	210 000	363 000	12%
Post-retirement mortality	-1 year	130 000	203 000	333 000	3%
Average retirement age	-1 year	144 000	217 000	361 000	11%
Withdrawal Rate	-10%	78 000	140 000	218 000	-35%

KAMIESBERG MUNICIPALITY

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

Experience adjustments were calculated as follows:  
 Liabilities: (Gain) / loss  
 Assets: Gain / (loss)

	2021	2020
	Rm	Rm
	(215,000)	(226,000)

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

	2019	2018	2017
	Rm	Rm	Rm
Liabilities: (Gain) / loss			
Assets: Gain / (loss)	(478,000)	(355,000)	(85,000)

12.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 92 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R165 000 whereas the Interest Cost for the next year is estimated to be R138 000.

Key actuarial assumptions used:

f) Rate of interest	2021	2020
	%	%
Discount rate	9,27%	7,40%
General Salary Inflation (long-term)	5,79%	3,99%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3,29%	3,28%

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

	2021	2020
Present value of fund obligations	1 419 000	1 304 000
Fair value of plan assets	-	-
Unrecognised past service cost	1 419 000	1 304 000
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	1 419 000	1 304 000

Reconciliation of present value of fund obligation:

	2021	2020
Present value of fund obligation at the beginning of the year	1 304 000	1 297 588
Total expenses	147 987	102 280
Current service cost	135 000	125 786
Vested past service cost	92 000	96 688
Interest Cost	(79 013)	(120 194)
Benefits Paid	(32 987)	(95 956)
Actuarial (gains)/losses	1 419 000	1 304 000
Present value of fund obligation at the end of the year	1 419 000	1 304 000

Sensitivity Analysis on the Accrued Liability on 30 June 2021

Assumption	Change	Liability (Rm)	% change
Central assumptions		1 419	
General earnings inflation rate	+1%	1 506	5%
General earnings inflation rate	-1%	1 339	-5%
Discount rate	+1%	1 337	-6%
Discount rate	-1%	1 511	6%
Average retirement age	+2 yrs	1 501	6%
Average retirement age	-2 yrs	1 311	-8%
Withdrawal rates	x 2	1 126	-21%
Withdrawal rates	x 0.5	1 263	14%

KAMIESBERG MUNICIPALITY

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

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	135 000	92 000	227 000		
The effect of movements in the assumptions are as follows:					
Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General earnings inflation rate	+1%	147 000	98 000	245 000	8%
General earnings inflation rate	-1%	125 000	86 000	211 000	-7%
Discount rate	+1%	126 000	98 000	224 000	-1%
Discount rate	-1%	146 000	85 000	231 000	2%
Average retirement age	+2 yrs	144 000	97 000	241 000	6%
Average retirement age	-2 yrs	128 000	85 000	213 000	-6%
Withdrawal Rate	x 2	95 000	71 000	166 000	-27%
Withdrawal Rate	x 0.5	166 000	108 000	272 000	20%

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss  
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	(58 776)	(10 001)	32 540
Assets: Gain / (loss)	-	-	-

KAMIESBERG MUNICIPALITY

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

12.3 Retirement funds

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

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

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

2021	2020
R	R

CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)

The contribution rate paid by the members (3.0%) and Council (19.0%). 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 700.5% (30 June 2020 - 100.5%).

Contributions paid recognised in the Statement of Financial Performance

1 910 995	1 493 377
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DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, MATLU 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

National Fund Municipal Workers  
SAMWU National Provident Fund

124 215	94 560
807 233	764 630
931 447	859 190

12.4 Impact of COVID-19 on Post Retirement benefits and Long Service Awards

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality. In the medium to long term, and what 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.

13. CONSUMER DEPOSITS

Water and Electricity

Total Consumer Deposits

1 525 747	1 512 736
1 528 747	1 512 736

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

14. CURRENT EMPLOYEE BENEFITS

Staff Bonuses

Staff Leave

Current Portion of Non-Current Provisions

Current Portion of Post Retirement Benefits - Note 12

Current Portion of Long-Service Awards - Note 12

Total Provisions

712 592	638 701
2 054 028	1 964 180
176 000	178 000
59 000	51 000
1 177 000	127 000
2 942 610	2 780 881

14.1 Staff Bonuses

Balance at beginning of year

Contribution to current portion

Expenditure incurred

Balance at end of year

638 701	557 699
1 480 631	1 371 272
(1 406 750)	(1 290 260)
712 582	638 701

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

Contribution to current portion

Expenditure incurred

Balance at end of year

1 964 180	1 490 070
254 119	585 449
(164 272)	(111 340)
2 054 028	1 964 180

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.

KAMIESBERG MUNICIPALITY

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

	2021	2020
	R	R
<b>15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	49 507 543	34 823 221
Previously stated		34 778 682
Recognise Creditors not recorded in 2019/2020 - Note 38.6		48 924
Correction of Creditors overstated in 2019/2020 - Note 38.6		(4 384)
Advance Payments	1 584 019	1 419 025
Control, Clearing and Interface Accounts	11 588 533	6 187 941
Previously stated		5 674 812
Correction of creditor incorrectly recognised in periods prior to 1 July 2019 - Note 38.6		540 675
Correction of creditor incorrectly recognised in 2019/2020 - Note 38.6		(27 546)
Retentions	1 625 982	653 339
<b>Total Trade Payables</b>	<b>64 285 676</b>	<b>43 083 526</b>
Payables are being recognised net of any discounts.		
The carrying value of trade and other payables approximates its fair value.		
All payables are unsecured.		
<b>16. UNSPENT TRANSFERS AND SUBSIDIES</b>		
Unspent Transfers and Subsidies	5 665 488	7 041 640
National Government Grants	4 739 222	5 217 252
Provincial Government Grants	727 635	1 625 757
District Municipality	198 631	198 631
Other Sources	-	-
<b>Less: Unpaid Transfers and Subsidies</b>		
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
<b>Total Unspent Transfers and Subsidies</b>	<b>5 665 488</b>	<b>7 041 640</b>
See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.		
Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		
<b>17. TAXES</b>		
VAT Payable	(478 879)	(478 879)
VAT Output in Suspense	(7 460 002)	(6 077 531)
Correction of Error - Note 38.6	-	-
<b>Total VAT Payable</b>	<b>(7 938 879)</b>	<b>(6 556 409)</b>
VAT Receivable	738 561	418 871
VAT Input in Suspense	19 093 576	13 850 031
Correction of Error - Note 38.6	-	-
<b>Total VAT Receivable</b>	<b>19 832 137</b>	<b>14 268 902</b>
<b>Net VAT (Payable)/Receivable</b>	<b>11 893 258</b>	<b>7 712 494</b>
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
<b>18. PROPERTY RATES</b>		
<i>Actual</i>		
Rateable Land and Buildings	5 701 607	19 286 002
Less: Revenue Forgone	-	(9 157 436)
<b>Total Property Rates</b>	<b>5 701 607</b>	<b>11 128 566</b>
<i>Valuations - 1 July 2020</i>		
Rateable Land and Buildings	1 788 619 000	1 788 609 000
Business and Commercial Property	70 385 000	71 415 000
Mining Properties	66 810 000	66 810 000
Municipal Properties	207 808 000	207 808 000
Public Service Infrastructure Properties	10 145 000	10 145 000
Residential Properties	313 162 000	312 122 000
State-owned Properties	72 667 000	72 667 000
Agricultural Property	927 632 000	927 632 000
Other Categories	120 010 000	120 010 000
<b>Total Assessment Rates</b>	<b>1 788 619 000</b>	<b>1 788 609 000</b>

KAMIESBERG MUNICIPALITY

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

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.

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.

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

Residential	- The first R15 000 on the valuation is exempted.
Public Benefit Organisations	- 100%
State	- 30%

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.

19. GOVERNMENT GRANTS AND SUBSIDIES

Government Grants and Subsidies - Operating		
Equitable Share	30 446 037	28 365 465
Expanded Public Works Programme Integrated Grant	25 185 081	22 790 000
Local Government Financial Management Grant	1 000 000	749 570
Municipal Disaster Grant	3 000 000	2 860 000
Northern Cape Tourism Authority	-	-
Municipal Infrastructure Grant	264	53 968
Libraries, Archives and Museums	1 280 692	1 423 850
Namaquala DM	-	429 077
Covid-19 - Disaster Relief	-	98 000
Government Grants and Subsidies - Capital	24 529 580	13 789 276
Integrated National Electrification Programme Grant	-	-
Municipal Infrastructure Grant	11 157 797	11 560 439
Department Water Affairs and Environment (DWA/E)	13 371 763	2 428 837
Namaquala DM	-	-
Covid-19 - Disaster Relief	-	-
Drought Relief	-	-
Total Government Grants and Subsidies	54 975 587	42 154 741

Included in above are the following grants and subsidies received:

<u>Unconditional</u>		
Equitable Share	25 185 081	22 790 000
	25 185 081	22 790 000
<u>Conditional</u>		
Local Government Financial Management Grant	3 000 000	2 860 000
Municipal Systems Improvement Grant (Schedule 5B)	-	-
Libraries, Archives and Museums	1 280 692	1 423 850
Expanded Public Works Programme Integrated Grant	1 000 000	749 570
Namaquala DM	-	-
Municipal Infrastructure Grant	11 157 797	11 560 439
Northern Cape Tourism Authority	264	53 968
Department Water Affairs and Environment (DWA/E)	13 371 763	2 428 837
Integrated National Electrification Programme Grant	-	-
Covid-19 - Disaster Relief	-	-
Drought Relief	-	-
Municipal Systems Improvement Grant	-	-
Total Government Grants and Subsidies	54 975 587	42 154 741



KAMIESBERG MUNICIPALITY

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

	Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
	Equitable share	25 185 081	22 790 000
	Executive and Council	-	38 000
	Finance and Administration	14 157 711	14 869 430
	Community and Social Services	1 260 692	1 423 850
	Planning and Development	1 000 350	803 523
	Road Transport	-	-
	Energy Sources	13 371 763	2 428 837
	Water Management	54 975 597	42 154 741
	<b>Total Government Grants and Subsidies</b>	<b>2021</b>	<b>2020</b>
		R	R
19.1	<b>Equitable Share</b>		
	Opening balance	-	22 790 000
	Grants received	25 185 000	(22 790 000)
	Conditions met - Operating	(25 185 000)	-
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
19.2	<b>Local Government Financial Management Grant (LFG)</b>		
	Opening balance	-	2 880 000
	Grants received	3 000 000	(2 880 000)
	Conditions met - Operating	-	-
	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).		
19.3	<b>Municipal Infrastructure Grant (MIG)</b>		
	Opening balance	182 561	-
	Grants received	13 442 000	11 553 000
	Conditions met - Operating	(9 355 702)	(11 380 439)
	Conditions met - Capital	4 086 297	182 561
	Conditions still to be met	-	-
	The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.		
19.4	<b>Integrated National Electrification Grant</b>		
	Opening balance	-	34 914
	Grants received	-	-
	Repaid to National Revenue Fund	-	(34 914)
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	-	0
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
19.5	<b>Expanded Public Works Programme (EPWP)</b>		
	Opening balance	250 430	-
	Grants received	1 000 000	1 000 000
	Conditions met - Operating	(1 000 000)	(749 570)
	Conditions met - Capital	-	-
	Conditions still to be met	-	250 430
	The grant was used for job creation.		
19.6	<b>Department Water Affairs and Environment (DWAF)</b>		
	Opening balance	5 024 891	2 997 528
	Grants received	12 000 000	5 000 000
	Repaid to National Revenue Fund	(3 010 005)	(544 000)
	Conditions met - Operating	(13 371 763)	(2 428 837)
	Conditions met - Capital	642 923	5 024 891
	Conditions still to be met	-	-
	The grant was used for the refurbishment of water infrastructure.		

KAMIESBERG MUNICIPALITY

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

19.7	<u>Library Grant</u>		
	Opening balance	647 376	1 458 227
	Grants received	613 000	613 000
	Conditions met - Operating	(1 260 376)	(1 423 850)
	Conditions met - Capital	-	-
	Conditions still to be met	0	647 376
	The grant was used to finance library activities.		
		2021	2020
		R	R
19.8	<u>Northern Cape Tourism Authority</u>		
	Opening balance	1 027	54 985
	Grants received	-	(53 988)
	Conditions met - Operating	-	-
	Conditions met - Capital	1 027	1 027
	Conditions still to be met		
	The grant was used to finance tourism activities.		
19.9	<u>Namakwa District Municipality</u>		
	Opening balance	198 631	317 622
	Grants received	-	310 086
	Conditions met - Operating	-	(429 677)
	Conditions met - Capital	198 631	198 631
	Conditions still to be met		
	The grant was used for various projects.		
19.10	<u>Project Nala</u>		
	Opening balance	620 180	620 180
	Grants received	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	620 180	620 180
	Conditions still to be met		
	The grant was used for job creation.		
19.11	<u>Department Finance, Economic Development &amp; Tourism</u>		
	Opening balance	100 000	100 000
	Grants received	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	100 000	100 000
	Conditions still to be met		
	The grant was used for job creation.		
19.12	<u>Department Social Services</u>		
	Opening balance	482	482
	Grants received	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	482	482
	Conditions still to be met		
	The grant was used for various projects.		
19.13	<u>Department Sport, Arts and Culture</u>		
	Opening balance	6 262	6 262
	Grants received	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	6 262	6 262
	Conditions still to be met		
	The grant was used for various related projects.		

KAMIESBERG MUNICIPALITY

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

	2021	2020
	R	R
<b>19.14 Covid-19 - Disaster Relief</b>		
Opening balance	-	-
Correction of Error	-	-
Grants received	1 800 000	39 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(39 000)
Conditions met - Capital	(1 800 000)	-
Conditions still to be met	-	-
The grant was used for Covid-19 relief.		
<b>19.15 Total Grants</b>	<u>7 041 640</u>	<u>5 590 210</u>
Opening balance	7 041 640	5 590 210
Grants received	57 040 000	44 785 088
Repaid to National Revenue Fund	(3 452 996)	(578 914)
Conditions met - Operating	(30 445 376)	(28 365 485)
Conditions met - Capital	(24 527 486)	(13 789 278)
Conditions still to be met	5 555 803	7 041 640
Displaced as follows:		
Unspent Conditional Government Grants and Receipts	5 665 488	7 041 640
Unpaid Conditional Government Grants and Receipts	-	-
<b>Total</b>	<u>5 665 488</u>	<u>7 041 640</u>

KAMIESBERG MUNICIPALITY

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

	2021	2020
	R	R
20. PUBLIC CONTRIBUTIONS AND DONATIONS		
Public Contributions - Unconditional	125 500	21 564
Total Public Contributions and Donations	<u>125 500</u>	<u>21 564</u>
21. SERVICE CHARGES		
Electricity	10 735 298	7 732 697
Service Charges	10 735 333	9 129 861
Less: Revenue Forgone	(36)	(1 397 164)
Water	2 611 798	3 358 564
Service Charges	3 871 549	4 614 223
Less: Revenue Forgone	(1 199 781)	(1 255 659)
Waste Management	1 249 012	1 313 068
Service Charges	2 333 158	2 440 005
Less: Revenue Forgone	(1 084 145)	(1 126 936)
Waste Water Management	1 556 234	1 443 285
Service Charges	1 974 702	1 911 425
Less: Revenue Forgone	(418 468)	(468 140)
Total Service Charges	<u>16 152 331</u>	<u>13 847 614</u>
Revenue Forgone can be defined as any income that the Municipality is, by law, entitled to levy but which has subsequently been forgone by way of rebate or remission.		
22. SALES OF GOODS AND RENDERING OF SERVICES		
Building Plan Approval	12 295	5 301
Camping Fees	2 017	-
Cemetery and Burial	-	-
Entrance Fees	21 418	5 504
Photocopies and Faxes	89 223	27 703
Sale of Goods	124 953	38 508
Total Sales of Goods and Rendering of Services	<u>249 906</u>	<u>77 016</u>
23. RENTAL FROM FIXED ASSETS		
Investment Property	92 249	70 011
Property, Plant and Equipment	6 229	19 207
Total Rental from Fixed Assets	<u>98 478</u>	<u>89 218</u>
24. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	114 957	194 956
Other	-	-
Total Interest Earned - External Investments	<u>114 957</u>	<u>194 956</u>
25. INTEREST EARNED - OUTSTANDING RECEIVABLES		
Trade Receivables	4 269 277	4 510 182
Interest Earned - Non-Exchange Transactions	834 425	3 611 308
Total Interest Earned - Outstanding Receivables	<u>5 103 702</u>	<u>8 121 490</u>
26. OPERATIONAL REVENUE		
Debt Relief	1 399 994	1 475 609
Insurance Refund	-	-
Staff Recoveries	-	55 490
Skills Development Levy Refund	-	-
Total Operational Revenue	<u>1 399 994</u>	<u>1 531 099</u>
Disclosed as follows:		
Revenue from Exchange Transactions	1 399 994	1 531 099
Revenue from Non-Exchange Transactions	1 399 994	1 531 099
Total Operational Revenue	<u>1 399 994</u>	<u>1 531 099</u>

KAMIESBERG MUNICIPALITY

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

	2021	2020	
	R	R	
<b>27. EMPLOYEE RELATED COSTS</b>			
Basic Salaries and Wages	20 886 596	18 352 143	
Pension and UIF Contributions	2 819 161	2 396 515	
Medical Aid Contributions	831 845	720 103	
Overtime	1 474 292	1 559 385	
Bonuses	1 480 631	1 371 272	
Motor Vehicle Allowance	1 254 336	1 154 855	
Cell Phone Allowance	95 800	80 550	
Housing Allowances	248 223	261 747	
Other benefits and allowances	272 794	349 164	
Payments in lieu of leave	254 119	585 449	
Skills Development Fund Levy	266 059	243 917	
post-retirement Benefit Obligations	551 000	589 810	
<b>Total Employee Related Costs</b>	<u>30 424 825</u>	<u>27 664 911</u>	
<b>KEY MANAGEMENT PERSONNEL</b>			
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.			
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>			
<b>Remuneration of the Municipal Manager - Mr RC Bekkes</b>			
Basic Salary	576 571	586 581	
Pension and UIF Contributions	105 367	102 508	
Medical Aid Contributions	28 350	26 759	
Motor Vehicle Allowance	248 176	241 355	
Cell Phone Allowance	22 800	22 800	
Housing Allowances	12 420	12 420	
Other benefits and allowances	99 270	96 542	
<b>Total</b>	<u>1 091 975</u>	<u>1 091 976</u>	
<b>Remuneration of the Chief Financial Officer - Mr TE Diphokoje</b>			
Basic Salary	586 166	588 115	
Pension and UIF Contributions	107 295	106 010	
Medical Aid Contributions	34 182	26 758	
Motor Vehicle Allowance	66 000	66 000	
Cell Phone Allowance	9 000	9 000	
Housing Allowances	12 420	12 420	
Other benefits and allowances	87 506	79 265	
<b>Total</b>	<u>896 569</u>	<u>896 569</u>	
<b>Remuneration of Director : Corporate Services and LED - Mr GW von Mollendorf</b>			
Basic Salary	586 886	234 650	
Pension and UIF Contributions	1 785	744	
Motor Vehicle Allowance	90 000	37 500	
Cell Phone Allowance	9 000	3 750	
Housing Allowances	12 420	5 175	
<b>Total</b>	<u>700 091</u>	<u>281 818</u>	
<b>Remuneration of Director : Technical Services - Mr HT Cloete</b>			
Basic Salary	270 378	-	
Pension and UIF Contributions	30 235	-	
Medical Aid Contributions	22 237	-	
Motor Vehicle Allowance	85 160	-	
Cell Phone Allowance	4 500	-	
Housing Allowances	6 210	-	
Payments in lieu of leave	-	-	
<b>Total</b>	<u>459 473</u>	<u>-</u>	
<b>28. REMUNERATION OF COUNCILLORS</b>			
SC Nero (Mayor)	846 944	846 866	
A Engelbrecht	295 891	295 891	
LE Petersen	295 891	295 891	
MC Redi	285 891	285 891	
H Steenkamp	295 891	295 891	
MJ Cloete	295 891	295 891	
MLB Hanekom	295 891	295 891	
<b>Total Councillors' Remuneration</b>	<u>2 622 290</u>	<u>2 622 212</u>	

KAMIESBERG MUNICIPALITY

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

	2021	2020
	R	R
<b>29. CONTRACTED SERVICES</b>		
Catering Services	44 940	53 290
Personal and Labour	-	-
Security Services	8 765	8 452
Transport Services	3 080	160 272
Accounting and Auditing	1 135 502	1 315 269
Medical Examinations	174	-
Qualification Verification	2 443	-
Valuer and Assessors	7 148	62 941
Land and Quantity Surveyors	-	-
Laboratory Services	110 586	84 728
Legal Cost	484 355	204 231
Artists and Performers	3 080	28 996
Electrical	489 857	147 900
Maintenance of Equipment	1 500	262 162
Maintenance of Unspecified Assets	359 799	264 657
Prepaid Electricity Vendors	-	-
<b>Total Contracted Services</b>	<b>3 083 319</b>	<b>2 592 898</b>
<b>30. DEPRECIATION AND AMORTISATION</b>		
Property, Plant and Equipment	21 569 019	21 951 985
Previously stated - Note 39.8	-	18 493 134
Correction of Error - Note 39.8	-	3 358 751
Intangible Assets	28 276	27 934
<b>Total Depreciation and Amortisation</b>	<b>21 596 294</b>	<b>21 879 819</b>
<b>31. FINANCE COSTS</b>		
Long-term Borrowings	188 852	115 331
Non-current Provisions	2 247 898	1 973 293
Previously stated	-	1 671 468
Correction of Error - Note 39.8	-	301 814
Non-current Employee Benefits	1 891 495	-
Interest on late payments to suppliers	4 429 245	2 552 674
<b>Total Finance Costs</b>	<b>4 429 245</b>	<b>4 641 488</b>
<b>32. BULK PURCHASES</b>		
Electricity	12 463 591	11 039 765
Water	165 556	333 725
<b>Total Bulk Purchases</b>	<b>12 649 148</b>	<b>11 373 491</b>
<b>33. OPERATIONAL COSTS</b>		
Advertising, Publicity and Marketing	30 345	73 739
Audit Fees	2 390 147	2 343 164
Bank Charges, Facility and Card Fees	175 315	148 392
Communication	398 908	424 802
External Computer Service	852 504	799 110
Fines and Penalties	-	-
Hire Charges	-	131 850
Insurance Underwriting	398 260	301 482
Licences	93 407	25 155
Printing, Publications and Books	649 180	385 336
Professional Bodies, Membership and Subscription	509 250	507 866
Registration Fees	189 500	198 020
Remuneration to Ward Committees	661 630	1 319 282
Travel and Subsistence	13 200	-
Transport	64 997	24 529
Uniform and Protective Clothing	-	-
<b>Total Operational Costs</b>	<b>6 412 572</b>	<b>6 882 727</b>
<b>34. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES</b>		
Receivables from Exchange Transactions - Note 7	5 281 698	7 246 594
Receivables from Non-exchange Revenue - Note 8	796 371	9 183 553
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables</b>	<b>6 068 069</b>	<b>16 430 146</b>
<b>35. GAINS/(LOSS) ON SALE OF FIXED ASSETS</b>		
Intangible Assets	-	-
Investment Property	125 418	390 435
Property, Plant and Equipment	125 418	390 435
<b>Total Gains/ (Loss) on Sale of Fixed Assets</b>	<b>250 836</b>	<b>780 870</b>
<b>36. REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON FIXED ASSETS</b>		
Property, Plant and Equipment	-	(254 697)
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets</b>	<b>-</b>	<b>(254 697)</b>

KAMIESBERG MUNICIPALITY

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

37. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS PREVIOUSLY REPORTED  
 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, which could result in an annual reclassification of items in the financial statements. Changes in the current mSCOA Charts for the 2021 financial year did not result in any reclassifications of 2020 balances previously reported.

	2021	2020
	R	R

38. 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:

<b>38.1 Property, Plant and Equipment Cost</b>		414 640 051
Previously Reported	-	405 389 221
Correction of Landfill sites assets Cost prior to 1 July 2019	-	(17 420 067)
Correction of Landfill sites asset Cost prior to 1 July 2019	-	25 587 402
Correction of GRAP 2 Adjustment on Landfill sites asset Cost in 2019/2020	-	1 035 496
Correction of Land Cost not recognised prior to 1 July 2019 - Note 38.7	-	69 000
Accumulated Depreciation	-	(198 758 081)
<b>Previously Reported</b>	-	(187 371 626)
Correction of Landfill sites assets Accumulated Depreciation prior to 1 July 2019	-	2 001 247
Correction of Landfill sites assets Depreciation recognised in 2019/2020	-	(3 358 751)
Correction of depreciation in Other Assets in periods prior to 1 July 2019	-	1 971 049
<b>Restated Balance</b>	-	227 891 970

Correction of Landfill sites assets with change in rehabilitation cost and assets recognised incorrectly in prior years.

<b>38.2 Investment Property</b>		26 289 791
Balance previously reported	-	91 000
Investment Property not recognised in periods prior to 1 July 2019 - Note 3	-	26 374 791
<b>Restated Balance</b>	-	26 374 791

Correction of Investment Property in period prior to 1 July 2019.

<b>38.3 Intangible Assets</b>		408 246
Balance previously reported	-	408 246
Cost	-	(98 710)
Previously stated	-	(333 975)
Accumulated Amortisation	-	237 265
Previously stated	-	309 537
Reassessment of useful lives of intangible assets	-	-
<b>Restated Balance</b>	-	309 537

Reassessment of useful lives of assets in accordance with GRAP 31

<b>38.4 Long-Term Borrowings</b>		398 901
Balance previously reported	-	809 697
Correction of 2019/2020 Long-term borrowings - Note 10	-	1 208 598
<b>Restated Balance</b>	-	1 208 598

Correction of 19/20 amortisation of vehicles due to extension of lease period

KAMIESBERG MUNICIPALITY

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

	2021	2020	
	R	R	
<b>38.5 Non-Current Provisions</b>			
Balance previously reported	-	20 760 935	
Correction of Landfill sites provision in periods prior to 1 July 2019 - Note 11.1	-	6 497 935	
Correction of Landfill sites contribution recognised in 2019/2020 - Note 11.1	-	3 01 814	
Correction of Landfill sites Adjustments recognised in 2019/2020 - Note 11.1	-	1 035 496	
Restated Balance	-	<u>28 596 181</u>	
Correction of rehabilitation cost previously recognised.			
<b>38.6 Trade and Other Payables from Exchange Transactions</b>			
Balance previously reported	-	42 525 858	
Correction of creditor incorrectly recognised in periods prior to 1 July 2019 - Note 15.	-	540 675	
Correction of creditor incorrectly recognised in 2019/2020 - Note 15.	-	(31 950)	
Recognise Creditors not recorded in 2019/2020 - Note 15	-	48 924	
Restated Balance	-	<u>43 083 527</u>	
Correction of prepaid electricity purchased, but not consumed. Corrections to Creditors.			
<b>38.7 Accumulated Surplus/(Deficit) - 1 July 2019</b>			
Correction of Landfill sites assets Cost prior to 1 July 2019	-	(17 420 067)	
Correction of Landfill sites asset Cost prior to 1 July 2019	-	25 587 402	
Correction of Landfill sites assets Accumulated Depreciation prior to 1 July 2019	-	2 001 247	
Correction of Landfill sites provision in periods prior to 1 July 2019 - Note 11.1	-	(6 497 935)	
Correction of Landfill sites provision in periods prior to 1 July 2019 - Note 11.1	-	(609 597)	
Correction of lease liability previously recognised - Note 10	-	(540 675)	
Correction of trade payables up to 01 July 2019 - Note 15	-	68 000	
Correction of Land not recognised prior to 1 July 2019 - Note 38.1	-	91 000	
Correction of Land not recognised prior to 1 July 2019 - Note 38.2	-	237 285	
Investment Property not recognised in periods prior to 1 July 2019 - Note 4.	-	1 971 046	
Reassessment of useful lives on intangible assets prior to 1 July 2019	-	-	
Correction of depreciation in Other Assets in periods prior to 1 July 2019	-	-	
Total	-	<u>4 637 598</u>	
<b>38.8 Changes to Statement of Financial Performance</b>			
Movement on operating account as a result of errors in implementation of GRAP standards in prior years.			
	Note		
Revenue			
Property Rates			
Government Grants and Subsidies			
Public Contributions and Donations			
Actual Gain			
Fines, Penalties and Forfeits			
Service Charges			
Sales of Goods and Rendering of Services			
Rental from Fixed Assets			
Interest Earned - External Investments			
Interest Earned - Exchange Transactions			
Licences and Permits from Exchange Transactions			
Agency Services			
Operational Revenue			
Total			
	Balance previously reported	Adjustments	Restated Balance
	1 123 566	-	1 123 566
	42 154 741	-	42 154 741
	21 564	-	21 564
	783 946	-	783 946
	3 200	-	3 200
	13 847 614	-	13 847 614
	38 508	-	38 508
	89 218	-	89 218
	194 956	-	194 956
	4 510 182	-	4 510 182
	488	27 546	27 546
	-	-	-
	1 531 099	-	1 531 099
	<u>77 915 930</u>	<u>27 546</u>	<u>77 942 936</u>



KAMIESBERG MUNICIPALITY

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

	Note	Balance previously reported	Adjustments	Restated Balance
<b>Expenditure</b>				
Employee related costs	38.4	(27 664 911)	-	(27 664 911)
Remuneration of Councilors	38.6	(2 622 212)	(27 035)	(2 622 212)
Contracted Services	38.6	(2 565 682)	(3 368 781)	(2 592 899)
Depreciation and Amortisation	38.1	(18 521 059)	(301 814)	(21 879 819)
Finance Costs	38.5	(4 339 674)	-	(4 841 486)
Bulk Purchases	38.6	(11 373 491)	-	(11 373 491)
Inventory Consumed	38.1	(2 801 357)	-	(2 801 357)
Transfers and Subsidies	-	-	(17 504)	(6 662 727)
Operational Costs	38.6	(6 665 223)	(17 504)	(6 662 727)
<b>Total</b>		<b>(76 553 808)</b>	<b>(3 705 104)</b>	<b>(80 258 912)</b>
<b>Gains and Losses</b>				
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(16 430 146)	-	(16 430 146)
Gains/(Loss) on Sale of Fixed Assets		390 435	-	390 435
Profit/(Loss) from Discontinued Operations		-	-	-
<b>Total</b>		<b>(16 294 399)</b>	<b>(3 677 589)</b>	<b>(16 294 399)</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>(14 532 817)</b>	<b>2021</b>	<b>2020</b>
			R	R

39. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

Surplus/(Deficit) for the year	(5 725 416)	(18 610 375)
<b>Adjustments for:</b>		
Depreciation and Amortisation	21 566 294	21 879 819
Loss/(Gain) on Sale of Fixed Assets	(446 007)	(15 501)
Impairment Loss/(Reversal of Impairment Loss)	44	-
Disposal of Fixed Assets	53 587 004	81 890
Government Grants and Subsidies received	(54 975 597)	(47 773 039)
Government Grants and Subsidies recognised as revenue	2 247 698	1 973 263
Contribution from/to - Current Employee Benefits	1 734 750	1 956 722
Contribution from/to provisions - Non-Current Provisions	413 300	474 060
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	187 700	(303 923)
Contribution to provisions - Bad Debt	6 068 060	14 267 144
Operating Surplus/(Deficit) before changes in working capital	24 688 030	22 535 482
Changes in working capital	8 012 561	(7 630 719)
Increase/(Decrease) in Trade and Other Payables	21 202 150	13 312 987
Increase/(Decrease) in Employee Benefits	(1 571 022)	(1 401 600)
Increase/(Decrease) in Taxes	(4 180 764)	(2 114 719)
(Increase)/Decrease in Inventory	(198 532)	(11 163)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(6 009 710)	(7 465 073)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	(1 229 562)	(9 951 151)
Cash generated/(absorbed) by operations	32 700 392	14 904 763

40. CASH AND CASH EQUIVALENTS

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

Current Accounts - Note 9	3 941 913	1 091 182
Call Deposits and Investments - Note 9	756 991	924 359
<b>Total cash and cash equivalents</b>	<b>4 698 904</b>	<b>2 015 541</b>

41. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 9	4 698 904	2 015 541
<b>Less:</b>		
Unspent Transfers and Subsidies - Note 16	(5 665 489)	(7 041 640)
VAT - Note 17	478 878	478 878
Resources available for working capital requirements	(487 706)	(4 547 221)
	2021	2020
	R	R

42. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 10	326 472	398 901
Used to finance property, plant and equipment - at cost	(326 472)	(398 901)
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.	-	-

43. BUDGET INFORMATION

43.1 Explanation of variances between approved and final budget amounts

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

Explanation of variances greater than 5%: Final Budget and Actual Amounts

**43.2 Statement of Financial Position**

**43.2.1 Current Assets**

- Cash
- Lower cash levels due to cash flow constraints
- Call Investment Deposits
- Decrease in call investments as a result of funds used for capital and operational expenditure.
- Consumer Debtors
- Increase in provision of debt impairment due to non payment by consumers.
- Other Debtors
- Increase in VAT receivables due to increase in Trade and Other Payables.
- Inventory
- Decrease in stock levels at year end.

**43.2.2 Non-Current Assets**

- Property, Plant and Equipment
- Ability to utilise all available Capital Grant funding.
- Intangible Assets
- Decrease in the amortisation of Intangible Assets.

**43.2.3 Current Liabilities**

- Borrowing
- New leases taken up.
- Trade and Other Payables
- Increase in Payables due to a decrease in available cash funds for repayment of payables.
- Provisions
- Changes in accounting estimates relating to provision for Rehabilitation of Landfill-sites.

**43.2.4 Non-Current Liabilities**

- Borrowings
- New finances obtained during the year.
- Provisions
- Changes in accounting estimates relating to provision for Rehabilitation of Landfill-sites.

**43.2.5 Net Assets**

- Accumulated Surplus
- Net effect of reasons documented above

**43.3 Statement of Financial Performance**

**43.3.1 Revenue**

- Service Charges - Electricity Revenue
- Decrease in electricity revenue due to load shedding.
- Service Charges - Water Revenue
- Decrease in water use by consumers due to water shortage and ongoing water drought.
- Service Charges - Sanitation Revenue
- Decrease in waste water quantities due to water restrictions.
- Service Charges - Refuse Revenue
- Decrease in request of additional refuse removal.
- Rental of Facilities and Equipment
- Decrease in rental of facilities due to Covid-19 lockdown.
- Interest Earned - External Investments
- More funds on call deposits than budgeted for.
- Interest Earned - Outstanding Debtors
- Increase in non-payment of consumer accounts.
- Fines
- Increase of fines received due to late return of library books.
- Licences and Permits
- Closing of offices during national lockdown.
- Agency Services

Closing of offices during national lockdown.  
 Transfers Recognised - Operational  
 Lesser portion of transfers received utilised for operational projects.  
 Other Revenue  
 Actuarial gains recorded during the year.  
 Transfers Recognised - Capital  
 Additional funding received.

**43.3.2 Expenditure**

Employee Related Costs  
 Increase in overtime and filling of vacant positions.  
 Remuneration of Councillors  
 Savings during the year.  
 Debt Impairment  
 Non payment of consumers.  
 Depreciation and Asset Impairment  
 Decrease in Asset carrying value due to deteriorating infrastructure.  
 Finance Charges  
 Increase in interest paid to suppliers due to insufficient cash.  
 Other Materials  
 Reclassification as a result of mscoa implementation.  
 Contracted Services  
 Reclassification as a result of mscoa implementation.

**43.4 Cash Flow Statement**

**43.4.1 Net Cash from Operating Activities**

Taxation  
 Decrease in revenue due to impact of covid-19 and increase in non-payment levels.  
 Service Charges  
 Decrease in revenue due to impact of covid-19 and increase in non-payment levels.  
 Interest  
 Interest received on consumer accounts, budgeted as part of service charges.  
 Suppliers and Employees  
 Municipality experience difficulty to pay trade creditors.  
 Finance costs  
 Interest paid to creditors as result of late payments.

**43.4.2 Net Cash from Investing Activities**

Capital Assets

Delay in capital projects due to national lockdown.

**43.4.3 Net Cash from Financing Activities**

Increase/(Decrease) in Consumer Deposits  
 Fewer new connections as anticipated.  
 Repayment of Borrowing  
 Finance leases settled during the year.

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

**44.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure:  
 Opening balance  
 Unauthorised expenditure current year - operational  
 Unauthorised expenditure current year - capital  
 Approved by Council or condoned  
 Unauthorised expenditure awaiting authorisation

Unauthorised expenditure can be summarised as follow:

	2021	2020
	R	R
	263 327 769	255 730 691
	28 371 069	27 010 098
	1 382 582	586 980
	-	-
	<u>310 033 928</u>	<u>283 327 769</u>

Ident	Disciplinary steps/criminal proceedings	
Over expenditure of approved budget - 2010	Under Investigation	29 684
Over expenditure of approved budget - 2011	Under Investigation	28 371 069
Over expenditure of approved budget - 2012	Under Investigation	16 738 583
		29 684
		28 371 069
		16 738 583

KAMIESBERG MUNICIPALITY

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

Over expenditure of approved budget - 2013	Under Investigation	25 203 509	25 203 509
Over expenditure of approved budget - 2014	Under Investigation	18 978 632	18 978 632
Bank Shortages - 2017	28 274	28 274	28 274
Withdrawal by former CFO, EB, Toolfies - 2011	78 504	78 504	78 504
Under Investigation	6 800	6 800	6 800
Over expenditure of approved budget - 2015	Under Investigation	18 055 902	18 055 902
Over expenditure of approved budget - 2016	Under Investigation	10 999 101	10 999 101
Over expenditure of approved budget - 2017	Under Investigation	90 897 845	90 897 845
Over expenditure of approved budget - 2018	Under Investigation	17 313 186	17 313 186
Over expenditure of approved budget - 2019	Under Investigation	29 029 602	29 029 602
Over expenditure of approved budget - 2020	Under Investigation	27 597 078	27 597 078
Over expenditure of approved budget - 2021	Under Investigation	26 706 159	-
		310 033 928	293 327 769

Unauthorised expenditure current year - operating

	2021 Actual R	2021 Final Budget R	2021 Variance R	2021 Unauthorised R
Executive and Council	7 040 768	7 335 402	(294 634)	-
Finance and Administration	48 982 445	25 657 336	23 325 109	23 325 109
Waste Management	7 194 947	5 716 551	1 478 396	1 478 396
Water	3 810 510	4 525 318	(714 808)	-
Electricity	14 442 371	18 312 103	(3 869 732)	52 753
Economic and Social Development	2 095 959	2 043 206	52 753	-
Technical and Roads	5 043 897	7 471 337	(2 427 440)	-
Waste Water Management	676 766	209 448	467 318	467 318
	89 287 663	71 270 701	18 016 962	25 329 577

Unauthorised expenditure current year - capital

	2021 Actual R	2021 Final Budget R	2021 Variance R	2021 Unauthorised R
Executive and Council	245 514	-	245 514	245 514
Water	1 587 069	21 634 000	(21 634 000)	-
Electricity	1 832 592	450 000	1 382 592	1 382 592
		22 084 000	(20 251 410)	1 832 592
			2021 R	2020 R

44.2

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	14 742 455	11 512 138
Correction of prior period error	-	-
Restated opening balance	14 742 455	11 512 138
Fruitless and wasteful expenditure current year	2 796 278	3 230 317
Condoned or written off by Council	-	-
Fruitless and wasteful expenditure awaiting condonement	17 538 732	14 742 455

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

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Legal Cost (Hondokhobo Standst) - 2011	Under investigation	199 191	199 191
Interest on late Creditors payments - 2011	Under investigation	417 306	417 306
Interest on late Creditors payments - 2012	Under investigation	172 301	172 301
Interest on late Creditors payments - 2014	Under investigation	255 946	255 946
Salary payment to J Links after dismissal	Under investigation	537 535	537 535
Interest and penalties paid to SARS - 2014	Under investigation	8 417	8 417
Interest and penalties paid to SARS - 2015	Under investigation	204 546	204 546
Interest and penalties paid to SARS - 2017	Under investigation	353 136	353 136
Interest paid to various suppliers - 2016	Under investigation	286 089	286 089
Interest paid to various suppliers - 2017	Under investigation	2 444 160	2 444 160
Interest paid to various suppliers 2018	Under investigation	1 718 792	1 718 792
Legal Cost (J Swart case) - 2018	Under investigation	1 626 031	1 626 031
Interest and penalties paid to SARS - 2018	Under investigation	872 243	872 243
Interest paid to various suppliers 2019	Under investigation	211 589	211 589
Interest paid to various suppliers 2020	Under investigation	2 204 875	2 204 875
Interest paid to various suppliers 2021	Under investigation	3 230 317	3 230 317
		2 796 278	-
		<u>17 538 732</u>	<u>14 742 455</u>
		2021	2020
		R	R

44.3

Irregular expenditure

Reconciliation of irregular expenditure:

- Opening balance
- Correction of prior period error
- Restated opening balance
- Irregular expenditure current year
- Expenditure authorised i.t.o. Section 32 of MFMA
- Irregular expenditure awaiting further action

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Expenditure contrary to SCM Processes - 2010	Under investigation	3 715 210	3 715 210
Expenditure contrary to SCM Processes - 2012	Under investigation	2 661 945	2 661 945
Expenditure contrary to SCM Processes - 2017	Under investigation	1 118 745	1 118 745
Preference point system not used for bids between R30 000 and R200 000	Under investigation	1 935 162	1 935 162
Tax Reference numbers not obtained for transactions between R10 000 - R30 000	Under investigation	1 349 975	1 349 975
No declaration of interest forms (IMB/D)	Under investigation	55 979	55 979
Expenditure contrary to SCM Processes - 2016	Under investigation	233 100	233 100
Grants used for operating purposes - 2016	Under investigation	3 539 704	3 539 704
Expenditure contrary to SCM Processes - 2018	Under investigation	7 171 777	7 171 777
Preference points incorrectly calculated	Under investigation	68 000	68 000
Acting longer than three months not approved by MEC	Under investigation	87 897	87 897
2019 Irregular Expenditure	Under investigation	18 341 347	18 341 347
Expenditure was more than R2 000 up to R30 000 and was procured without obtaining at least three written price quotations and the deviation was not approved by the CEO or his designee.	Under investigation	221 780	221 780
Bid adjudication committee does not consist of at least four senior members of the municipality.	Under investigation	51 798 862	34 969 145
Expenditure totalled more than R2 000 and less than R200 000 and was not awarded to the lowest price or the entity with the most points	Under investigation	354 229	354 229
Provider did not provide MED4 declaration of interest	Under investigation	1 084 542	1 084 542
Expenditure contrary to SCM Processes - 2020	Under investigation	3 093 079	3 093 079
Total payments made exceeded the contract or quoted amount, including approved extensions	Under investigation	4 400	4 400
Expenditure contrary to SCM Processes - 2021	Under investigation	4 389 384	-
		<u>101 215 117</u>	<u>80 006 016</u>
		2021	2020

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

45. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.1 CONTRIBUTIONS TO ORGANISED LOCAL GOVERNMENT - (MFMA 126 (1)(b)) - (SALGA CONTRIBUTIONS)

Opening balance	3 697 381	3 169 675
Council subscriptions	508 250	907 706
Amount paid - current year	(7 205)	-
Amount paid - previous years	4 198 426	3 697 381
Balance unpaid (included in creditors)	2021	2020
	R	R

45.2

Audit fees - (MFMA 125 (1)(e))

Opening balance	2 670 412	1 563 787
Current year audit fee	2 971 918	2 971 918
External Audit - Auditor-General	2 749 670	2 861 006
Audit Committee	223 248	234 001
Amount paid - current year	(300 000)	-
Amount paid - previous year	-	(334 243)





KAMIESBERG MUNICIPALITY

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

(d) Credit Risk

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

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

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

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

	2021		2020	
	R	%	R	%
<u>Non-exchange Receivables</u>	44 078 503	98,88%	499 275	98,89%
Rates	459 275	1,12%	499 275	1,12%
Other Receivables	44 575 779	100,00%	43 346 216	100,00%
<u>Exchange Receivables</u>	8 990 827	12,54%	8 512 298	13,13%
Electricity	27 871 704	38,91%	25 192 294	38,86%
Water	11 773 527	16,44%	10 488 968	16,18%
Waste Management	6 616 434	9,24%	5 854 874	9,03%
Waste Water Management	16 385 447	22,89%	14 779 545	22,90%
Other	71 627 940	100,00%	64 825 977	100,00%

No receivables are pledged as security for financial liabilities.

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

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

	2021		2020	
	R	%	R	%
<u>Non-exchange Receivables</u>	42 477 870	39,15%	41 691 499	39,90%
Rates	-	0,00%	-	0,00%
Other Receivables	68 870 900	61,85%	62 796 958	60,10%
<u>Exchange Receivables</u>	111 348 770	100,00%	104 488 457	100,00%
Services	-	-	-	-

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

	2021		2020	
	R	%	R	%
<u>Ageing of amounts past due but not impaired are as follow:</u>	1 624 252	-	710 118	-
2021	1 624 252	-	888 515	-
1 month past due	-	-	1 598 833	-
2+ months past due	-	-	-	-
2020	708 059	-	708 059	-
1 month past due	171 955	-	447 383	-
2+ months past due	890 014	-	1 155 442	-

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

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



KAMESBERG MUNICIPALITY

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

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

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

Receivables from exchange transactions  
Receivables from non-exchange transactions  
Cash and Cash Equivalents

	2021	2020
	R	R
	71 627 940	64 825 977
	44 575 779	43 346 216
	4 638 904	2 015 541
	<u>120 902 623</u>	<u>110 187 735</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.

	2021				
		Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Liabilities	232 333	-	150 000	-	-
Trade and Other Payables	<u>64 285 676</u>	-	-	-	-
	64 518 009	-	150 000	-	-
		Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2020		1 066 077	382 020	-	-
Long-term Liabilities	43 083 526	-	-	-	-
Trade and Other Payables	<u>44 149 804</u>	-	382 020	-	-

47. FINANCIAL INSTRUMENTS

In accordance with GRAP 104, 45 the financial liabilities and assets of the municipality are classified as follows:

47.1 Financial Assets	Classification			
Receivables from Exchange Transactions		Financial Instruments at amortised cost	2021	2020
Electricity		Financial Instruments at amortised cost	R	R
Water		Financial Instruments at amortised cost	8 980 827	8 428 749
Waste Management		Financial Instruments at amortised cost	27 871 704	25 192 294
Waste Water Management		Financial Instruments at amortised cost	11 773 527	10 486 966
Other Arrears		Financial Instruments at amortised cost	6 616 434	5 854 874
		Financial Instruments at amortised cost	16 385 447	14 779 545
Cash and Cash Equivalents				
Bank Balances		Financial Instruments at amortised cost	3 941 913	1 091 182
Call Deposits		Financial Instruments at amortised cost	756 991	924 359
			<u>76 326 844</u>	<u>66 757 969</u>
Total Financial Assets				
SUMMARY OF FINANCIAL ASSETS				
Financial Instruments at amortised cost:				
Receivables from Exchange Transactions		Electricity	8 980 827	8 428 749
Receivables from Exchange Transactions		Water	27 871 704	25 192 294
Receivables from Exchange Transactions		Waste Management	11 773 527	10 486 966
Receivables from Exchange Transactions		Waste Water Management	6 616 434	5 854 874
Receivables from Exchange Transactions		Other Arrears	16 385 447	14 779 545
Cash and Cash Equivalents		Bank Balances	3 941 913	1 091 182
Cash and Cash Equivalents		Call Deposits	756 991	924 359
Total Financial Assets			<u>76 326 844</u>	<u>66 757 969</u>

KAMIESBERG MUNICIPALITY

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

47.2 <u>Financial Liabilities</u>	<u>Classification</u>		
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	326 472	398 901
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	49 507 543	34 778 692
Advance Payments	Financial Instruments at amortised cost	1 564 019	1 419 025
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	11 588 593	5 574 812
Retentions	Financial Instruments at amortised cost	1 625 582	653 339
		<u>64 612 148</u>	<u>42 524 759</u>

KAMIESBERG MUNICIPALITY

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

SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost:		
Long-term Liabilities	326 472	398 901
Trade and Other Payables	49 507 543	34 778 682
Trade and Other Payables	1 584 019	1 419 025
Trade and Other Payables	11 588 533	5 674 812
Trade and Other Payables	1 625 582	653 339
Trade and Other Payables	64 612 148	42 924 758
	<u>                    </u>	<u>                    </u>

48. STATUTORY RECEIVABLES

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

Taxes	738 581	418 871
VAT Receivable	44 076 503	42 930 491
Receivables from Non-Exchange Transactions	44 076 503	42 930 491
Rates	44 815 064	43 349 352
Fines	(42 477 870)	(41 691 499)
Total Statutory Receivables (before provision)	2 337 194	1 577 863
Less: Provision for Debt Impairment		
Total Statutory Receivables (after provision)		
Statutory Receivables arises from the following legislation:		
Taxes		- Value Added Tax Act (No 89 of 1997)
Rates		- Municipal Properties Rates Act (No 6 of 2004)
Fines		- Criminal Procedure Act
Statutory receivables are initially measured at transaction value, and subsequently at cost.		
	2021	2020
	R	R

Receivables Ageing

Current (0 - 30 days)	1 171 245	766 426
31 - 60 Days	710 118	708 059
61 - 90 Days	716 482	688 033
+ 90 Days	41 478 658	40 787 972
Total	44 076 503	42 930 491

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	41 691 499	32 507 936
Contribution to provision	786 371	9 183 583
Balance at end of year	42 477 870	41 691 499

Ageing of amounts past due and impaired:

1 month past due	-	50 108 635
2+ months past due	41 306 625	50 108 635

Ageing of amounts past due but not impaired:

1 month past due	710 118	708 059
2+ months past due	888 515	(8 652 630)
	1 598 633	(7 944 571)

Interest Received from Statutory Receivables

Taxes	834 425	3 611 308
Receivables from Non-Exchange Transactions	634 425	3 611 308

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

49. PRIVATE PUBLIC PARTNERSHIPS

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

50. PRINCIPAL - AGENT ARRANGEMENTS

50.1 Principal in other Principal-Agent Arrangements (non-material)  
 Kamiesberg 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.

KAMIESBERG MUNICIPALITY

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

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

2021 2020  
R R

50.3 Agent in arrangement

The Municipality is the Agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licensing 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).

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

51. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

Eureka v President of the RSA & Municipal Manager of Kamiesberg Municipality (High Court Case no: 2827/2018):

Eureka removed the matter from the roll on 16 November 2020 and it does not appear that they intend to proceed with any further litigation herein. Estimate financial exposure of R90 000.

Kamiesberg Municipality v PA Schreuder (Garage Masterpieces Court Case no: 18/2018):

Kamiesberg Municipality has lodged an appeal to the High Court of South Africa, Northern Cape Division, against the court judgement on 01 April 2021. Contingent financial exposure of R150 000.

Kamiesberg Municipality v West Coast Resources (Western Cape High Court – Case no: 12270/19):

Action for recovery of outstanding municipal rates and levies with financial exposure of R100 000.

52. RELATED PARTIES

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

52.1 Related Party Transactions

Year ended 30 June 2021	Rates	Service Charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
<b>Councilors</b>						
Mervin J Cloete	7 530	11 670	-	236	5 966	2 422
Susarah Nero	418	6 644	-	-	554	42
Leonard E Petersen	1 255	2 079	-	-	67	8
David & M Rood	8 022	6 930	-	1 538	20 488	40
Hendrik Steenkamp	418	3 090	-	7	213	11
Maneljie Hanekom	288	-	-	32	192	46
	<u>17 943</u>	<u>30 414</u>	<u>-</u>	<u>1 813</u>	<u>27 460</u>	<u>2 568</u>
<b>Municipal Manager and Section 57 Employees</b>						
Rufus C Beukes	7 614	7 900	-	-	1 463	-
	<u>7 614</u>	<u>7 900</u>	<u>-</u>	<u>-</u>	<u>1 463</u>	<u>-</u>
<b>Year ended 30 June 2020</b>						
<b>Councilors</b>						
Mervin J Cloete	7 179	13 809	-	1	1 167	61
Susarah Nero	399	6 334	-	-	299	19
Charlton C Kordom	1 196	2 293	-	-	212	12
Leonard E Petersen	7 657	6 399	-	1 132	15 486	14 696
David & M Rood	-	-	-	-	(536)	-
Hendrik Steenkamp	275	-	-	21	296	296
	<u>16 708</u>	<u>28 835</u>	<u>-</u>	<u>1 154</u>	<u>16 944</u>	<u>15 084</u>
<b>Municipal Manager and Section 57 Employees</b>						
Rufus C Beukes	7 258	5 184	-	-	2 132	495
Rose Cloete	-	-	-	-	-	-
	<u>7 258</u>	<u>5 184</u>	<u>-</u>	<u>-</u>	<u>2 132</u>	<u>495</u>

KAMIESBERG MUNICIPALITY

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

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.

52.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

52.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.

52.4 Current Employee Benefits

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

Name	Position	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid
Rufus C Baikas	Municipal Manager	103 095	-	72 445
Turnelo E Diphoakole	Chief Financial Officer	65 950	-	10 950
GW Von Mollendorf	Senior Manager Corporate Services	27 607	-	21 204
Herrich T Chebe	Senior Manager Technical Services	4 913	-	18 745
		<u>201 565</u>	<u>-</u>	<u>123 344</u>

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
Rufus C Baikas	Municipal Manager	75 742	-	136 729
Turnelo E Diphoakole	Chief Financial Officer	49 499	-	70 235
GW Von Mollendorf	Acting Corporate Manager	-	-	32 247
		<u>125 241</u>	<u>-</u>	<u>239 211</u>

53. FINANCIAL SUSTAINABILITY

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

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

The average creditors payment period is 526 days (2019: 398 days).

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 R40 483 939 (2019: R31 030 389).

The municipality has budgeted for surpluses of R13 055 435 for 2020/2021, R6 733 222 for 2021/2022 and R 13 738 382 for the 2022/2023 financial years. The municipality has also budgeted for cash inflows of R 4 980 115 for 2020/2021, R 3 817 025 for 2021/2022 and R 2 797 484 for the 2022/2023 financial years.

The average debt/collection period after impairment is 46 days (2019: 49 days), while debtors impairment provision as a percentage of accounts receivable is 97% (2019: 97%).

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

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.

COVID-19 - Response Expenditure

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

Type of expenditure	Nature of expenditure	Supplier	2021	2020
			R	R

KAMIESBERG MUNICIPALITY

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

Face masks	Inventory consumed	Smart Art	-	12 309
Hand sanitizer	Inventory consumed	Mlangus Construction	\$5 980	67 250
Corona sneeze screens	Inventory consumed	Edds Logistics	-	14 250
Corona gate	Inventory consumed	KHK Konstruksie	-	56 000
Masks, gloves and hand sanitizer	Inventory consumed	Edds Logistics	\$3 550	49 450
Masks, gloves and hand sanitizer	Inventory consumed	NK Creative Solutions	40 500	49 300
Corona sneeze screens and sanitary wipes	Inventory consumed	Edds Logistics	15 380	30 000
Face Masks, Sanitary Wipes	Inventory consumed	Blue Petroleum	-	-
			<u>205 410</u>	<u>279 159</u>

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

Own Revenue	-	240 159
Grant Funding	205 410	39 000
	<u>205 410</u>	<u>279 159</u>

54. EVENTS AFTER REPORTING PERIOD

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. Council has approved our revised budget for 2020/21 which includes various concessions in order to further mitigate the economic impact of the virus on our communities.

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

55. ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BALCK ECONOMIC EMPOWERMENT ACT

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

**APPENDIX A**  
**KAMIESBERG MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2021**

EXTERNAL LOANS	Rate	Loan Number	Balance at 30 June 2020	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2021
<b>LEASE LIABILITY</b>							
Nashua	14,00%	Various	387 923	-	-	(196 131)	191 792
Nashua Mobile	10,00%	Various	10 977	-	-	(7 321)	3 656
Bidvest	10,00%	Various	(0)	809 697	-	(678 674)	131 023
<b>Total Lease Liabilities</b>			<b>398 900</b>	<b>809 697</b>	<b>-</b>	<b>(882 126)</b>	<b>326 471</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>398 900</b>	<b>809 697</b>	<b>-</b>	<b>(882 126)</b>	<b>326 471</b>

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

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
39 000	(7 368 064)	(7 329 064)	Governance and Administration	-	(7 040 766)	(7 040 766)
55 945 653	(54 947 809)	997 844	Executive and council Finance and administration Internal audit	48 030 230	(48 982 445)	(952 215)
-	-	-	Community and Public Safety	-	-	-
1 424 350	(26 248)	1 398 103	Community and social services Sport and recreation	1 260 882	-	1 260 882
-	-	-	Economic and Environmental Services	2 017	-	2 017
825 501	(2 112 423)	(1 286 922)	Planning and development	1 125 850	(2 082 759)	(956 909)
8 001	(3 941 843)	(3 933 842)	Road transport	12 295	(5 043 897)	(5 031 602)
-	-	-	Environmental protection	-	-	-
-	-	-	Trading Services	-	-	-
8 340 931	(13 285 477)	(4 954 547)	Energy sources	11 295 936	(14 442 371)	(3 146 435)
7 996 253	(4 123 027)	3 873 226	Water management	18 127 875	(3 810 510)	14 317 365
1 784 974	(795 938)	989 036	Waste water management	1 878 751	(678 766)	1 201 985
1 941 162	(10 201 988)	(8 260 826)	Waste management	1 828 411	(7 194 947)	(5 366 537)
-	(103 383)	(103 383)	Other	-	(13 200)	(13 200)
78 305 825	(56 916 200)	(18 610 375)	Sub Total	83 562 246	(89 287 663)	(5 725 416)
-	-	-	Less inter-Departmental Charges	-	-	-
78 305 825	(56 916 200)	(18 610 375)	Total	83 562 246	(89 287 663)	(5 725 416)



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

	2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
39 000	(3 292 944)	(3 259 644)	(3 259 644)	EXECUTIVE COUNCIL	-	(2 940 707)	(2 940 707)
-	(4 075 420)	(4 075 420)	(4 075 420)	Municipal Manager Mayor and Council	-	(4 200 081)	(4 200 081)
49 528 396	(45 936 921)	(45 936 921)	3 591 836	FINANCE AND ADMINISTRATION	45 949 966	(35 194 020)	10 655 946
7 843 847	(9 037 598)	(9 037 598)	(1 193 689)	Finance Administration Commenge	3 441 259	(13 788 425)	(10 347 166)
-	-	-	-	COMMUNITY AND SOCIAL SERVICES	-	-	-
-	-	-	-	Centenares	-	-	-
500	-	-	500	Libraries	193	-	193
-	-	-	-	SPORT AND RECREATION	-	-	-
-	-	-	-	Sportgrounds and Community Facilities Carnivan Park	2 017	-	2 017
1 941 162	(10 201 988)	(8 260 826)	(6 260 826)	WASTE MANAGEMENT	1 828 411	(7 194 927)	(5 366 517)
-	-	-	-	Refuse and Sanitation	-	-	-
7 999 253	(4 123 027)	3 876 226	3 876 226	WATER	18 127 875	(3 870 570)	14 317 305
8 340 931	(13 295 477)	(4 954 547)	(4 954 547)	Water	11 295 939	(14 442 371)	(3 146 432)
825 501	(2 215 808)	(1 390 307)	(1 390 307)	ELECTRICITY	1 125 850	(2 995 959)	(970 109)
5 301	(3 941 643)	(3 336 542)	(3 336 542)	Economic and Social Development	12 295	(5 943 997)	(5 031 602)
1 794 974	(795 939)	999 036	999 036	Local Economic Development	1 878 751	(678 796)	1 201 955
78 305 825	(95 516 200)	(18 510 375)	(18 510 375)	TECHNICAL AND ROADS	83 692 246	(99 297 663)	(5 725 417)
-	-	-	-	Streets	-	-	-
-	-	-	-	WASTE WATER MANAGEMENT	-	-	-
-	-	-	-	Sewerage	-	-	-
-	-	-	-	SUD Total	-	-	-
-	-	-	-	Less Inter-Departmental Charges	-	-	-
78 305 825	(95 516 200)	(18 510 375)	(18 510 375)	Total	83 992 246	(89 297 663)	(5 725 417)

APPENDIX D  
KAMIESBERG MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2020	Correction of Error	Revised Balance 30 June 2020	Contributions during the year on Investments	Interest	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2021	Unspent 30 June 2021 (Creffion)	Unpaid 30 June 2021 (Deffion)
<b>National Government Grants</b>											
Equitable Share	-	-	-	25 185 000	-	-	(25 185 000)	-	4 086 297	4 086 297	-
Finance Management Grant	-	-	-	3 000 000	-	(192 561)	(3 000 000)	(9 355 702)	642 923	642 923	-
Municipal Infrastructure Grant	192 561	-	192 561	13 442 000	-	(3 010 005)	-	(13 371 753)	-	-	-
Integrated Water Affairs and Environment	5 024 691	-	5 024 691	12 000 000	-	-	(1 800 000)	-	4 729 220	4 729 220	-
Department of Water Affairs and Environment	-	-	-	1 800 000	-	(3 202 569)	(28 185 000)	(24 527 469)	-	-	-
COVID-19 - Disaster relief	-	-	-	55 427 000	-	-	-	-	-	-	-
<b>Total National Government Grants</b>	<b>5 217 252</b>	<b>-</b>	<b>5 217 252</b>	<b>55 427 000</b>	<b>-</b>	<b>(3 202 569)</b>	<b>(28 185 000)</b>	<b>(24 527 469)</b>	<b>4 729 220</b>	<b>4 729 220</b>	<b>-</b>
<b>Provincial Government Grants</b>											
Expanded Public Works Programme	290 430	-	290 430	1 000 000	-	(250 430)	(1 000 000)	-	0	0	-
Liberal	647 376	-	647 376	513 000	-	-	(1 280 376)	-	620 180	620 180	-
Provincial Finance	520 180	-	520 180	-	-	-	-	-	100 000	100 000	-
Provincial Finance - Economic Development & Tourism	100 000	-	100 000	-	-	-	-	-	1 027	1 027	-
Department of Tourism	1 027	-	1 027	-	-	-	-	-	482	482	-
Department of Social Services	482	-	482	-	-	-	-	-	6 262	6 262	-
Department of Sport, Arts and Culture	6 262	-	6 262	-	-	-	-	-	-	-	-
Drought Relief	-	-	-	-	-	-	-	-	727 952	727 952	-
<b>Total Provincial Government Grants</b>	<b>1 625 758</b>	<b>-</b>	<b>1 625 758</b>	<b>1 613 000</b>	<b>-</b>	<b>(250 430)</b>	<b>(2 280 376)</b>	<b>-</b>	<b>198 631</b>	<b>198 631</b>	<b>-</b>
<b>Other Municipalities</b>											
Kamiesberg DM	198 631	-	198 631	-	-	-	-	-	198 631	198 631	-
<b>Total District Municipality Grants</b>	<b>198 631</b>	<b>-</b>	<b>198 631</b>	<b>-</b>	<b>-</b>	<b>(3 452 986)</b>	<b>(30 465 376)</b>	<b>(24 527 469)</b>	<b>5 535 803</b>	<b>5 535 803</b>	<b>-</b>
<b>Total Grants</b>	<b>7 041 640</b>	<b>-</b>	<b>7 041 640</b>	<b>57 040 000</b>	<b>-</b>	<b>(3 452 986)</b>	<b>(30 465 376)</b>	<b>(24 527 469)</b>	<b>5 535 803</b>	<b>5 535 803</b>	<b>-</b>

KAMERSBERG - Reconciliation of Table A1 Budget Summary

Description	2020/21											2019/20	
	Original Budget	Budget Adjustments (U/L, M/N/A, S/N)	Final equipment budget	Actual Outcomes	Unaudited expenditure	Variance	Actual Outcomes as % of Final Budget	Actual Outcomes as % of Original Budget	Reported expenditure	Expenditure approved in terms of MPA	Balance to be recovered	Revised Audited Outcome	
	1	2	3	4	5	6	7	8	9	10	11	12	
<b>Financial Performance</b>													
Property rates	11 796	--	11 796	5 702	--	6 097	48.4%	48.4%	--	--	--	11 120	
Service charges	16 432	--	16 432	16 152	--	2 300	97.2%	91.9%	--	--	--	13 848	
Investment revenue	198	--	198	144	--	100	48.5%	49.9%	--	--	--	88	
Transfer received - operational	--	--	--	3 563	--	(140)	100%	100%	--	--	--	28	
Other own revenue	30 956	4 579	41 219	31 561	--	5 619	76.2%	79.9%	--	--	--	45 229	
<b>Total Revenue (excluding capital transfers and contributions)</b>	--	--	--	--	--	--	--	--	--	--	--	--	
<b>Employee costs</b>													
Formation of committees	25 451	885	26 136	30 426	--	(4 289)	100/0%	100/0%	--	--	--	27 556	
Depreciation & asset impairment	2 828	--	2 828	2 632	--	316	86.2%	89.2%	--	--	--	2 822	
Finance charges	8 842	--	8 842	8 628	--	214	87.2%	88.2%	--	--	--	16 430	
Maintenance and bulk purchases	13 529	--	13 529	17 077	--	(3 547)	186.5%	186.5%	--	--	--	21 880	
Transfer of duties	33 525	(1 302)	32 223	3 081	--	(14 725)	132.9%	427.9%	--	--	--	16 015	
Other expenditure	1 000	--	1 000	3 081	--	(2 081)	308.1%	308.1%	--	--	--	2 553	
<b>Total expenditure</b>	10 451	(1 228)	9 222	9 115	--	87	93.1%	88.5%	--	--	--	8 994	
<b>Surplus/deficit</b>													
Surplus/deficit - reported - capital	--	--	--	--	--	--	0.0%	0.0%	--	--	--	--	
Contributions received - grant & contributed assets	19 534	--	19 534	31 448	--	(10 912)	155.5%	155.5%	--	--	--	--	
Surplus/Deficit after capital transfers & contributions	--	--	--	--	--	--	--	0.5%	--	--	--	--	
Share of surplus/Deficit of associated Smp/Sp/Deficit for the year	--	--	--	--	--	--	0.0%	0.5%	--	--	--	--	
<b>Capital expenditure &amp; funds sources</b>													
<b>Capital expenditure</b>													
Transfer assigned - capital	49 534	1 800	21 334	--		21 334	0.0%	0.0%				--	
Public contribution & donations	--	--	--	--		--	#DIV/0!	#DIV/0!				--	
Borrowing	--	--	--	--		--	#DIV/0!	#DIV/0!				--	
Financially provided funds	--	--	--	--		--	#DIV/0!	#DIV/0!				--	
<b>Total sources of capital funds</b>													
<b>Capital flows</b>													
Net cash from (used) financing	17 249	1 529	18 598	33 028		(14 420)	177.2%	190.8%				14 505	
Net cash from (used) investing	(19 534)	--	(19 534)	(28 524)		10 350	153.2%	153.2%				(14 426)	
Net cash from (used) financing	3 523	--	3 593	477		3 89	-1.2%	-1.2%				(89)	
Checkbook equivalence at the year end													



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

Vote Description	2020/21						2019/20					
	1 Original Budget R thousand	2 Budget Adjustments (i.e. MPA 42)	3 Final Budget	4 Actual Outcome	5 Unauthorized expenditure	6 Variance of Actual Outcome Against Budget	7 Actual Outcome as % of Final Budget	8 Actual Outcome as % of Original Budget	9 Revised Unauthorized expenditure	10 Expenditure authorised in terms of section 32 of MPA	11 Balance to be recovered	12 Revised Audited Outcome
<b>Revenue by Vote</b>												
Vote 1 - EXECUTIVE COUNCIL	53 307	4 539	58 036	49 291		8 745	0,0%				39	
Vote 2 - FINANCE AND ADMINISTRATION	2	-	2	0		2	0,0%				1	
Vote 3 - COMMUNITY AND SOCIAL SERVICES	8	-	8	2		6	0,0%				1 941	
Vote 4 - SPORT AND RECREATION	2 948	-	2 948	1 828		480	0,0%				7 996	
Vote 5 - WASTE MANAGEMENT	17 161	-	17 161	18 125		(967)	-				8 341	
Vote 6 - WATER	10 532	-	10 532	11 255		(723)	-				825	
Vote 7 - ELECTRICITY	1 000	-	1 000	1 135		(135)	-				5	
Vote 8 - ECONOMIC AND SOCIAL DEVELOPMENT	9	-	9	12		(3)	-				1 265	
Vote 9 - TECHNICAL AND ROADS	2 133	-	2 133	1 828		257	-				78 895	
Vote 10 - WASTE WATER MANAGEMENT	85 982	4 529	91 151	83 982		7 623	0,0%					
<b>Total Revenue by Vote</b>												
Expenditure by Vote to be appropriated												
Vote 1 - EXECUTIVE COUNCIL	7 335	662	7 335	7 041	-	294	0,0%				7 358	
Vote 2 - FINANCE AND ADMINISTRATION	24 985	-	25 657	48 982	23 325	-	0,0%				54 574	
Vote 3 - COMMUNITY AND SOCIAL SERVICES	-	-	-	-	-	-	0,0%				-	
Vote 4 - SPORT AND RECREATION	5 667	(190)	5 717	7 195	1 478	-	0,0%				10 222	
Vote 5 - WASTE MANAGEMENT	3 275	(730)	4 525	3 811	-	714	0,0%				4 723	
Vote 6 - WATER	19 412	(1 100)	18 512	14 442	-	4 070	0,0%				13 255	
Vote 7 - ELECTRICITY	2 259	(216)	2 043	2 095	33	-	0,0%				2 216	
Vote 8 - ECONOMIC AND SOCIAL DEVELOPMENT	7 271	(100)	7 471	5 044	-	2 427	0,0%				3 442	
Vote 9 - TECHNICAL AND ROADS	299	-	299	677	467	-	0,0%				-	
Vote 10 - WASTE WATER MANAGEMENT	-	-	-	-	-	-	0,0%				-	
Example 11 - Vote 1	72 925	(1 634)	71 271	69 288	25 324	-	0,0%				55 720	
<b>Total Expenditure by Vote</b>												
Surplus/Deficit for the year	(13 177)	6 183	(8 920)	(81 723)		-	0,0%					



Description	2020/21							2019/20	
	Original Budget	Budget Adjustments (100-20)	Final Adjusted Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Revised Outcome	Revised Outcome as % of Original Outcome
Revised	1	2	3	4	5	6	7	8	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
Receipts	8 841	-	8 841	4 475	4 361	50.0%	50.0%	1 305	29.0%
Property rates, penalties and collection charges	18 295	-	18 295	4 575	13 715	25.0%	25.0%	2 488	13.6%
Interest	3 463	-	3 463	2 231	1 202	55.5%	63.5%	2 075	59.5%
Grants	30 079	1 339	31 418	40 889	(8 889)	128.7%	134.6%	27 832	87.1%
Government - operating	19 534	-	19 534	13 702	5 432	67.1%	67.1%	15 971	81.5%
Government - capital	101	-	101	5 219	(5 028)	52.6%	52.6%	9 719	9.6%
Dividend	-	-	-	-	-	-	-	-	-
Payments	(81 548)	-	(81 548)	(64 520)	(726 708)	55.7%	55.7%	(40 728)	49.5%
Salaries and employee benefits	(1 765)	-	(1 765)	(2 180)	412	122.4%	122.4%	(7 688)	433.2%
Transfer and Grants	-	-	-	-	-	-	-	-	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	17 038	1 529	18 568	32 029	(14 469)	177.5%	182.3%	14 653	84.3%
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Receipts	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-
Dividends (received) and interest (received)	-	-	-	-	-	-	-	-	-
Dividends (received) from investment in subsidiaries	-	-	-	-	-	-	-	-	-
Dividends (received) from investment in associates	-	-	-	-	-	-	-	-	-
Capital assets	(18 534)	-	(18 534)	(25 524)	10 390	153.3%	153.3%	(14 488)	94.4%
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	(18 534)	-	(18 534)	(25 524)	10 390	153.3%	153.3%	(14 488)	94.4%
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Receipts	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-
Share issues from fundraising	71	-	71	13	58	18.3%	18.3%	9	6.9%
Dividends (received) in exchange specific Payments	3 882	-	3 882	(70)	3 952	101.8%	101.8%	(854)	-83.9%
Repayment of borrowings	-	-	-	-	-	-	-	-	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	3 882	-	3 882	(57)	3 939	1.5%	1.5%	(854)	-83.9%
<b>NET INCREASE (DECREASE) IN CASH/HELD</b>	1 438	1 529	2 967	3 047	3 047	212.8%	212.8%	1 581	110.0%
Outflows equivalent at the year begin	5 233	-	5 233	2 015	3 053	58.4%	58.4%	2 453	46.9%
Outflows operations at the year end	6 822	1 529	8 221	3 053	3 156	61.6%	61.6%	2 016	30.9%

KAMIESBERG - Reconciliation of Table A4 Budgeted Financial Performance (Revenue and expenditure)

Description	2019/20											
	Original Budget R thousand	Budget Department (11) (R 2019)	Final expenditure Budget	Actual Outcomes	Unauthorised expenditure	Without as % of final budget	Actual Outcomes as % of Original budget	Reported unauthorised expenditure	Expenditure authorised in 2019/20	Balance to be recovered	Revised Actual Outcomes	
<b>Revenue By Source</b>												
Share of profits	11 786	-	11 786	5 702		-	0,0%	0,0%			11 786	
Share of profits - 80/20 revenue	13 140	-	13 140	10 725		-	0,0%	0,0%			7 733	
Share of profits - water revenue	4 380	-	4 380	2 452		-	0,0%	0,0%			3 283	
Share of profits - sanitation revenue	1 501	-	1 501	1 432		-	0,0%	0,0%			1 432	
Share of profits - radio revenue	1 845	-	1 845	1 738		-	0,0%	0,0%			1 738	
Share of profits - other revenue	189	-	189	86		-	0,0%	0,0%			86	
Interest earned - national government	61	-	59	715		-	0,0%	0,0%			715	
Interest earned - maturing debtors	4 531	-	4 531	5 194		-	0,0%	0,0%			4 531	
Dividends received	-	3 000	3 000	-		-	0,0%	0,0%			3 000	
Other financial investments	2	-	2	0		-	0,0%	0,0%			0	
Loans and grants	2	-	2	0		-	0,0%	0,0%			0	
Agency services	-	-	-	140		-	0,0%	0,0%			140	
Transfers and subsidies	30 079	-	30 079	24 550		-	0,0%	0,0%			42 175	
Other revenue	1 541	1 525	3 407	1 653		-	0,0%	0,0%			2 334	
Gifts in kind of PPE	-	-	-	437		-	0,0%	0,0%			380	
<b>Total Revenue (including capital transfers and contributions)</b>	<b>87 178</b>	<b>4 525</b>	<b>71 427</b>	<b>54 232 717</b>			<b>0,0%</b>				<b>74 722</b>	
<b>Expenditure By Type</b>												
Employee salaries	25 431	655	26 086	30 452		-	0,0%	0,0%			27 653	
Post transport	6 028	-	2 598	2 622		-	0,0%	0,0%			2 622	
Depreciation and movement	12 865	-	14 251	21 555		-	0,0%	0,0%			18 409	
Finance charge	1 455	-	1 455	4 459		-	0,0%	0,0%			21 881	
Other purchases	11 848	(11 020)	10 349	13 849		-	0,0%	0,0%			11 201	
Other interest	3 439	523	4 021	2 702		-	0,0%	0,0%			2 801	
Transfer and grants	303	-	1 059	3 033		-	0,0%	0,0%			2 533	
Other expenditure	7 452	(1 321)	5 151	6 415		-	0,0%	0,0%			5 583	
<b>Total Expenditure</b>	<b>75 140</b>	<b>(7 826)</b>	<b>71 462</b>	<b>89 597 353</b>			<b>0,0%</b>				<b>84 553</b>	
<b>Surplus/(Deficit)</b>	<b>12 038</b>	<b>12 351</b>	<b>10 965</b>	<b>(35 364 636)</b>			<b>0,0%</b>				<b>(10 831)</b>	
Transfer received - grant	16 973	6 193	17 193	30 442		-	0,0%	0,0%			31 507	
Contributions received - capital	15 541	-	15 541	-		-	0,0%	0,0%			-	
Contributions	-	-	-	-		-	0,0%	0,0%			-	
Surplus/(Deficit) after capital transfers & contributions	13 322	6 193	13 322	(35 364 636)			<b>0,0%</b>				<b>(10 831)</b>	
Transfer	-	-	-	-		-	0,0%	0,0%			-	
Surplus/(Deficit) after transfer	13 322	6 193	13 322	(35 364 636)			<b>0,0%</b>				<b>(10 831)</b>	
Surplus/(Deficit) after interest	13 322	6 193	13 322	(35 364 636)			<b>0,0%</b>				<b>(10 831)</b>	
Surplus/(Deficit) after interest and contributions	13 322	6 193	13 322	(35 364 636)			<b>0,0%</b>				<b>(10 831)</b>	
Surplus/(Deficit) after interest and contributions and transfer	13 322	6 193	13 322	(35 364 636)			<b>0,0%</b>				<b>(10 831)</b>	
Surplus/(Deficit) after interest and contributions and transfer and interest	13 322	6 193	13 322	(35 364 636)			<b>0,0%</b>				<b>(10 831)</b>	
Surplus/(Deficit) after interest and contributions and transfer and interest and contributions	13 322	6 193	13 322	(35 364 636)			<b>0,0%</b>				<b>(10 831)</b>	