HANTAM
MUNICIPALITY

FINANCIAL STATEMENTS

30 JUNE 2021

HANTAM MUNICIPALITY

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GENERAL INFORMATION

NATURE OF BUSINESS

Hantam 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 Hantam Municipality includes the following areas:
Calvinia
Brandvlei
Loeriesfontein
Nieuwoudtville

EXECUTIVE MAYOR

RN Swartz

MUNICIPAL MANAGER

JI SWARTZ

CHIEF FINANCIAL OFFICER

W JONKER

REGISTERED OFFICE

Private Bag X14
Calvinia
8190

AUDITORS

The Auditor-General
Private Bag X5013
Kimberley
8300

PRINCIPLE BANKERS

Standard Bank

HANTAM MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

GENERAL INFORMATION

ATTORNEYS

Louw & Muller
Groenewaldt & Symington

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 HANTAM MUNICIPALITY

WARD	COUNCILLOR
1	H De Wee
2	K Alexander
3	R van Wyk
4	JE Steenkamp
5	J Klaaste
Proportional	RN Swartz
Proportional	AJE Claasen
Proportional	G Gous
Proportional	HC Steenkamp

HANTAM 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 90 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 Generally Recognised Accounting Practices (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.

JI SWARTZ
Municipal Manager

31 August 2021
Date

HANTAM MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

	Notes	2021 R	2020 R
ASSETS			
Non-Current Assets		**478,232,744**	**417,334,652**
Property, Plant and Equipment	**2**	438,182,644	379,001,021
Agricultural	**3**	13,500	13,500
Investment Property	**4**	37,681,441	36,033,000
Intangible Assets	**5**	673,543	663,065
Heritage Assets	**6**	1,618,055	1,618,055
Non-Current Receivables from Exchange Transactions	**7**	52,945	2,925
Non-Current Receivables from Non-Exchange Transactions	**8**	10,615	3,086
Current Assets		**27,886,096**	**20,508,481**
Inventory	**9**	104,627	50,048
Receivables from Exchange Transactions	**10**	6,577,117	5,690,119
Receivables from Non-exchange Transactions	**11**	6,698,672	4,628,147
Taxes	**20.3**	5,215,434	8,949,073
Current Portion of Non-Current Receivables	**8 & 9**	57,732	14,162
Cash and Cash Equivalents	**12.1**	9,232,516	1,176,933
Total Assets		**506,118,840**	**437,843,133**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**51,793,774**	**51,433,077**
Long-term Borrowings	**13**	270,468	-
Non-current Provisions	**14**	16,792,673	19,117,155
Non-current Employee Benefits	**15**	16,355,000	15,072,000
Trade and Other Payables from Exchange Transactions	**18**	18,375,633	17,243,923
Current Liabilities		**33,779,208**	**37,619,771**
Consumer Deposits	**16**	1,187,997	1,095,561
Current Employee Benefits	**17**	5,619,577	5,331,456
Trade and Other Payables from Exchange Transactions	**18**	24,330,914	31,006,592
Unspent Transfers and Subsidies	**19**	2,426,272	-
Cash and Cash Equivalents	**12.2**	-	186,161
Current Portion of Long-term Borrowings	**13**	214,449	-
Total Liabilities		**85,572,982**	**89,052,848**
Net Assets		**420,545,858**	**348,790,285**
Revaluation Reserve	**21**	2,551,323	2,551,323
Accumulated Surplus/(Deficit)		417,994,535	346,238,963
Total Net Assets and Liabilities		**506,118,840**	**437,843,133**

HANTAM MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R	2020 R
REVENUE			
Revenue from Non-exchange Transactions		**140,389,227**	**145,126,564**
Taxation Revenue		**15,902,740**	**13,275,622**
Property Rates	**22**	14,941,961	12,374,664
Interest Earned - Non-Exchange Transactions	**31**	960,779	900,959
Transfer Revenue		**111,797,015**	**117,718,939**
Government Grants and Subsidies	**23**	111,475,759	117,521,000
Public Contributions and Donations		321,256	197,939
Other Revenue		**12,689,472**	**14,132,003**
Actuarial Gains	**15**	209,472	2,426,733
Availability Charges	**24**	7,006,024	6,366,042
Fines. Penalties and Forfeits		24,742	33,836
Contributed Property, Plant and Equipment	**2.11**	2,900,088	4,495,167
Operational Revenue	**30**	2,549,147	810,224
Revenue from Exchange Transactions		**41,777,969**	**39,777,349**
Service Charges	**25**	39,043,682	36,945,631
Sales of Goods and Rendering of Services	**26**	452,487	214,584
Rental from Fixed Assets	**27**	141,649	168,718
Interest Earned - External Investments	**28**	772,307	1,092,355
Interest Earned - Exchange Transactions	**29**	1,110,929	1,113,370
Licences and Permits		3,270	2,122
Agency Services		176,004	172,972
Operational Revenue	**30**	77,642	67,597
Total Revenue		**182,167,196**	**184,903,913**
EXPENDITURE			
Employee related costs	**31**	(39,147,690)	(39,288,238)
Remuneration of Councillors	**32**	(3,137,092)	(3,215,857)
Bad Debts Written Off		(4,939,658)	(2,377,937)
Depreciation and Amortisation	**33**	(12,982,053)	(11,805,660)
Actuarial Losses	**15**	(1,146,977)	-
Finance Costs	**34**	(3,181,437)	(3,017,422)
Bulk Purchases	**35**	(21,953,735)	(21,391,391)
Inventory Consumed	**9**	(1,084,813)	(1,752,335)
Operating Leases		(188,108)	(164,332)
Transfers and Subsidies	**36**	(148,129)	(274,025)
Operational Costs	**37**	(18,775,810)	(20,270,482)
Total Expenditure		**(106,685,502)**	**(103,557,678)**
Operating Surplus/(Deficit) for the Year		**75,481,694**	**81,346,235**
Reversal of Impairment Loss/(Impairment Loss) on Receivables	**38**	(4,691,650)	(5,143,503)
Gains/(Loss) on Sale of Fixed Assets	**39**	(549,428)	(654,141)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		-	(4,297)
Profit/(Loss) on Fair Value Adjustments	**40**	1,648,441	-
Water Losses	**41**	(133,485)	(142,167)
NET SURPLUS/(DEFICIT) FOR THE YEAR		**71,755,572**	**75,402,126**

HANTAM MUNICIPALITY

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

	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
Balance at 1 July 2019	**2,692,664**	**270,019,870**	**272,712,534**
Correction of Error - Note 43.6	-	675,626	675,626
Restated balance	2,692,664	270,695,496	273,388,160
Net Surplus for the year	-	75,402,126	75,402,126
Net Surplus previously reported	-	71,892,367	71,892,367
Effects of Correction of Errors - Note 43.7	-	3,509,759	3,509,759
Transfer to Revaluation Reserve	(141,341)	141,341	-
Restated balance at 30 June 2020	**2,551,323**	**346,238,963**	**348,790,286**
Net Surplus for the year	-	71,755,572	71,755,572
Balance at 30 June 2021	**2,551,323**	**417,994,535**	**420,545,858**

HANTAM MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R	2020 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		11,301,932	9,384,617
Service Charges		39,021,489	36,498,998
Other Revenue		3,897,320	2,118,719
Government - Operating		34,695,031	29,391,000
Government - Capital		79,207,000	88,130,000
Interest		772,307	1,092,355
Cash payments			
Suppliers and Employees	*	(83,025,004)	(81,293,317)
Finance Charges		(81,648)	(49,718)
Net Cash from Operating Activities	**44**	**85,788,427**	**85,272,654**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	*	(77,345,758)	(81,775,199)
Purchase of Intangible Assets		(21,294)	(41,236)
Decrease/(Increase) in Non-Current Debtors		(101,120)	195,516
Net Cash from Investing Activities		**(77,468,172)**	**(81,620,918)**
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(Decrease) in Consumer Deposits		92,436	106,275
Repayment of Borrowing		(170,947)	(164,440)
Net Cash from Financing Activities		**(78,511)**	**(58,164)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		8,241,743	3,593,572
Cash and Cash Equivalents at the beginning of the year		990,771	(2,602,801)
Cash and Cash Equivalents at the end of the year	**45**	9,232,516	990,771
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**8,241,744**	**3,593,572**

* *The 2019/2020 Cash Flow balances of Purchase of Property, Plant and Equipment was previously overstated by R8,519,306 and Cash Payments to Suppliers and Employees was understated with the same amount due to the accrued Capital expenditure recognised as Cash outflows and not changes in working capital.*

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

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2021	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	R	%
ASSETS									
Current Assets									
Cash		(3,165,839)	9,368,256	6,202,417	-	-	6,202,417	9,232,516	48.85%
Consumer Debtors		7,874,292	249,541	8,123,833	-	-	8,123,833	13,275,788	63.42%
Other Debtors		-	-	-	-	-	-	5,215,434	100.00%
Current Portion of long-term receivables			-	-	-	-	-	57,732	100.00%
Inventory		183,692	-	183,692	-	-	183,692	104,627	-43.04%
Total Current Assets	**48.2.1**	4,892,145	9,617,797	14,509,942	-	-	14,509,942	27,886,096	92.19%
Non-Current Assets									
Long-term Receivables		-	-	-	-	-	-	63,561	100.00%
Investment Property		43,161,000	-	43,161,000	-	-	43,161,000	37,681,441	-12.70%
Property, Plant and Equipment		394,145,159	14,276,445	408,421,604	-	-	408,421,604	438,182,644	7.29%
Biological Assets		13,500	-	13,500	-	-	13,500	13,500	0.00%
Intangible Assets		575,194	-	575,194	-	-	575,194	673,543	17.10%
Other Non-Current Assets		-	1,618,055	1,618,055	-	-	1,618,055	1,618,055	0.00%
Total Non-Current Assets	**48.2.2**	437,894,853	15,894,500	453,789,353	-	-	453,789,353	478,232,744	5.39%
TOTAL ASSETS		442,786,998	25,512,297	468,299,295	-	-	468,299,295	506,118,840	8.08%
LIABILITIES									
Current Liabilities									
Borrowing		-	-	-	-	-	-	214,449	100.00%
Consumer Deposits		862,000	-	862,000	-	-	862,000	1,187,997	37.82%
Trade and Other Payables		7,307,917	(56,400)	7,251,517	-	-	7,251,517	26,757,186	268.99%
Provisions		3,845,481	273,691	4,119,172	-	-	4,119,172	5,619,577	36.42%
Total Current Liabilities	**48.2.3**	12,015,398	217,291	12,232,689	-	-	12,232,689	33,779,208	176.14%
Non-Current Liabilities									
Borrowing		-	-	-	-	-	-	270,468	100.00%
Provisions		56,058,061	985,132	57,043,193	-	-	57,043,193	33,147,673	-41.89%
Trade and Other Payables		16,389,892	-	16,389,892	-	-	16,389,892	18,375,633	12.12%
Total Non-Current Liabilities		72,447,953	985,132	73,433,085	-	-	73,433,085	51,793,774	-29.47%
TOTAL LIABILITIES		84,463,351	1,202,423	85,665,774	-	-	85,665,774	85,572,982	-0.11%
NET ASSETS									
Accumulated Surplus/(Deficit)		353,469,164	24,309,874	377,779,038	-	-	377,779,038	417,994,535	10.65%
Reserves		4,854,483	-	4,854,483	-	-	4,854,483	2,551,323	-47.44%
TOTAL NET ASSETS	**48.2.4**	358,323,647	24,309,874	382,633,521	-	-	382,633,521	420,545,858	9.91%

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

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2021	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	R	%
REVENUE									
Property Rates		15,511,660	365,633	15,877,293	-	-	15,877,293	14,941,961	-5.89%
Service Charges - Electricity Revenue		26,949,060	3,094,334	30,043,394	-	-	30,043,394	26,783,476	-10.85%
Service Charges - Water Revenue		13,560,618	(1,612,037)	11,948,581	-	-	11,948,581	1,862,808	-84.41%
Service Charges - Sanitation Revenue		7,491,583	23,417	7,515,000	-	-	7,515,000	4,964,340	-33.94%
Service Charges - Refuse Revenue		8,463,146	5,000	8,468,146	-	-	8,468,146	5,433,059	-35.84%
Rental of Facilities and Equipment		715,000	-	715,000	-	-	715,000	594,136	-16.90%
Interest Earned - External Investments		-	600,000	600,000	-	-	600,000	772,307	28.72%
Interest Earned - Outstanding Debtors		1,750,000	(697,206)	1,052,794	-	-	1,052,794	2,071,707	96.78%
Fines		33,000	(4,000)	29,000	-	-	29,000	24,742	-14.68%
Licences and Permits		3,000	-	3,000	-	-	3,000	3,270	8.99%
Agency Services		250,000	-	250,000	-	-	250,000	176,004	-29.60%
Transfers Recognised - Operational		31,175,000	3,562,075	34,737,075	-	-	34,737,075	34,695,031	-0.12%
Other Revenue		353,050	81,039	434,089	-	-	434,089	10,163,541	2241.35%
Total Revenue (excluding capital transfers and contributions)	**48.2.5**	106,255,117	5,418,255	111,673,372	-	-	111,673,372	102,486,380	-8.23%
EXPENDITURE									
Employee Related Costs		42,243,722	(74,048)	42,169,674	-	-	42,169,674	39,147,690	-7.17%
Remuneration of Councillors		3,533,906	-	3,533,906	-	-	3,533,906	3,137,092	-11.23%
Debt Impairment		10,903,660	-	10,903,660	-	-	10,903,660	4,939,658	-54.70%
Depreciation and Asset Impairment		10,476,625	-	10,476,625	-	-	10,476,625	12,982,053	23.91%
Finance Charges		4,005,047	(165,397)	3,839,650	-	-	3,839,650	3,181,437	-17.14%
Bulk Purchases		27,355,558	(5,127,808)	22,227,750	-	-	22,227,750	21,953,735	-1.23%
Inventory Consumed		2,146,480	403,750	2,550,230	-	-	2,550,230	1,084,813	-57.46%
Contracted Services		11,444,654	(1,235,375)	10,209,279	-	-	10,209,279	-	-100.00%
Transfers and Grants		60,000	-	60,000	-	-	60,000	148,129	146.88%
Other Expenditure		10,335,352	(783,373)	9,551,979	-	-	9,551,979	23,837,017	149.55%
Total Expenditure	**48.2.6**	122,505,004	(6,982,251)	115,522,753	-	-	115,522,753	110,411,624	-4.42%
Surplus/(Deficit)		(16,249,887)	12,400,506	(3,849,381)	-	-	(3,849,381)	(7,925,243)	105.88%
Transfers Recognised - Capital		66,326,000	12,881,000	79,207,000	-	-	79,207,000	76,780,728	-3.06%
Contributed Assets		-	-	-	-	-	-	2,900,088	100.00%
Surplus/(Deficit) after Capital Transfers & Contributions		50,076,113	25,281,506	75,357,619	-	-	75,357,619	71,755,572	-4.78%
Taxation		-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation		50,076,113	25,281,506	75,357,619	-	-	75,357,619	71,755,572	-4.78%
Attributable to Minorities			-				-	-	-
Surplus/(Deficit) Attributable to Municipality		50,076,113	25,281,506	75,357,619	-	-	75,357,619	71,755,572	-4.78%
Share of Surplus/(Deficit) of Associate		-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		50,076,113	25,281,506	75,357,619	-	-	75,357,619	71,755,572	-4.78%

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

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2021	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	R	%
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Taxation		13,184,910	365,634	13,550,544	-	-	13,550,544	11,301,932	-16.59%
Service Charges		47,994,745	1,505,715	49,500,460	-	-	49,500,460	39,021,489	-21.17%
Other Revenue		1,246,800	-	1,246,800	-	-	1,246,800	3,897,320	212.59%
Government - Operating		31,175,000	3,562,075	34,737,075	-	-	34,737,075	34,695,031	-0.12%
Government - Capital		66,326,000	12,881,000	79,207,000	-	-	79,207,000	79,207,000	0.00%
Interest		1,750,000	-	1,750,000	-	-	1,750,000	772,307	-55.87%
Dividends		-	-	-	-	-	-	-	0.00%
Payments									
Suppliers and Employees		(99,310,016)	3,658,783	(95,651,233)	-	-	(95,651,233)	(83,025,004)	-13.20%
Finance costs		-	-	-	-	-	-	(81,648)	100.00%
Transfers and Grants		-	-	-	-	-	-	-	
Net Cash from/(used) Operating Activities	**48.2.7**	62,367,439	21,973,207	84,340,646	-	-	84,340,646	85,788,427	1.72%
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-	-	-	-	-	-	-	
Decrease/(Increase) in Non-Current Debtors		-	-	-	-	-	-	(101,120)	100.00%
Decrease/(Increase) in Other Non-Current Receivables		-	-	-	-	-	-	-	
Decrease/(Increase) in Non-Current Investments		-	-	-	-	-	-	-	
Payments									
Capital Assets		(67,207,000)	(12,000,000)	(79,207,000)	-	-	(79,207,000)	(77,367,052)	-2.32%
Net Cash from/(used) Investing Activities		(67,207,000)	(12,000,000)	(79,207,000)	-	-	(79,207,000)	(77,468,172)	-2.20%
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Short Term Loans		-	-	-	-	-	-	-	0.00%
Borrowing long term/refinancing		-	-	-	-	-	-	-	0.00%
Increase/(Decrease) in Consumer Deposits		-	78,000	78,000	-	-	78,000	92,436	18.51%
Payments									
Repayment of Borrowing		-	-	-	-	-	-	(170,947)	100.00%
Net Cash from/(used) Financing Activities		-	78,000	78,000	-	-	78,000	(78,511)	-200.66%
NET INCREASE/(DECREASE) IN CASH HELD		(4,839,561)	10,051,207	5,211,646	-	-	5,211,646	8,241,743	58.14%
Cash and Cash Equivalents at the year begin:		1,673,723	(682,952)	990,771			990,771	990,771	0.00%
Cash and Cash Equivalents at the year end:		(3,165,838)	9,368,255	6,202,417	-	-	6,202,417	9,232,515	48.85%

HANTAM MUNICIPALITY

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2021

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

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

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Executive and Council	1.1 - Municipal Manager	Aggregated	Governance and Administration	Supporting service departments
	1.2 - Councilors	Aggregated	Governance and Administration	Supporting service departments
Vote 2 - Budget and Treasury Office	2.1 - Finance General	Aggregated	Governance and Administration	Supporting service departments
	2.2 - Accountant Revenue	Aggregated	Governance and Administration	Supporting service departments
	2.3 - Accountant Expenditure	Aggregated	Governance and Administration	Supporting service departments
	2.4 - Supply Chain Management	Aggregated	Governance and Administration	Supporting service departments
Vote 3 - Corporate Services	3.1 - Administration	Aggregated	Governance and Administration	Supporting service departments
	3.2 - Human Resources	Aggregated	Governance and Administration	Supporting service departments
	3.3 - Property Services	Aggregated	Governance and Administration	Supporting service departments
Vote 4 - Community and Social Services	4.1 - Cemeteries	Aggregated	Community and Public Safety	Cemeteries and Library services
	4.2 - Libraries	Aggregated	Community and Public Safety	
Vote 5 - Sport and Recreation	5.1 - Nature Reserves	Aggregated	Community and Public Safety	Sports- and Recreation facilities
	5.2 - Sport Ground	Aggregated	Community and Public Safety	
	5.3 - Swimming Pool	Aggregated	Community and Public Safety	
	5.4 - Caravan Park	Aggregated	Community and Public Safety	
Vote 6 - Public Safety	6.1 - Civil Defence	Individually Reported	Community and Public Safety	Supporting service departments
Vote 7 - Planning and Development	7.1 - IDP Department	Individually Reported	Economic and Environmental Services	Supporting service departments
Vote 8 - Road Transport	8.1 - Roads	Aggregated	Economic and Environmental Services	Supporting service departments
	8.2 - Traffic Services	Aggregated	Economic and Environmental Services	Supporting service departments
Vote 9 - Electricity	9.1 - Electricity Distribution	Individually Reported	Trading Services	Electricity services
Vote 10 - Water	10.1 - Water Distribution	Individually Reported	Trading Services	Water management
Vote 11 - Waste Water Management	11.1 - Waste Water Management	Individually Reported	Trading Services	Waste water management
Vote 12 - Solid Waste	12.1 - Waste Removal	Individually Reported	Trading Services	Waste management services
Vote 13 - Other	13.1 - Aerodrome	Individually Reported	Other	Supporting service departments

SECONDARY SEGMENTS

Mscoa Functional Segments identified	Aggregation	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
	Internal audit	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Library services, Sports and recreational centers
	Sport and recreation	Aggregated	Community and public safety	
• Economic and environmental services	Planning and development	Aggregated	Economic and environmental services	Supporting service departments
	Road transport	Aggregated	Economic and environmental services	Supporting service departments
	Environmental protection services	Aggregated	Economic and environmental services	Supporting service departments
• Trading services	Energy sources	Individually Reported	Energy sources	Electricity services
	Water management	Individually Reported	Water management	Water management
	Waste water management	Individually Reported	Waste water management	Waste water management
	Waste management service	Individually Reported	Waste management service	Waste management services
• Other	Air Transport	Aggregated	Other	Airfield

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

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

HANTAM MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Governance and Administration	Community and Public Safety	Trading Services	Economic and Environmental Services	Other	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	**3,522,577**	**290,010**	**40,154,611**	**-**	**-**	**43,967,198**
Service Charges - Electricity Revenue	-	-	26,783,476	-	-	26,783,476
Service Charges - Water Revenue	-	-	1,862,808	-	-	1,862,808
Service Charges - Sanitation Revenue	-	-	4,964,340	-	-	4,964,340
Service Charges - Refuse Revenue	-	-	5,433,059	-	-	5,433,059
Rental of Facilities and Equipment	139,242	2,407	-	-	-	141,649
Interest Earned - External Investments	772,307	-	-	-	-	772,307
Interest Earned - Outstanding Debtors	960,779	-	1,110,929	-	-	2,071,707
Licences and Permits	3,270	-	-	-	-	3,270
Other Revenue - Exchange	1,646,980	287,603	-	-	-	1,934,583
External revenue from non-exchange transactions	**37,162,154**	**1,302,717**	**20,776,724**	**926,029**	**-**	**60,167,623**
Fines	-	717	-	24,025	-	24,742
Property Rates	14,941,961	-	-	-	-	14,941,961
Availability Charges	-	-	7,006,024	-	-	7,006,024
Agency Services	-	-	-	176,004	-	176,004
Transfers Recognised - Operational	19,217,587	1,302,000	13,770,700	726,000	-	35,016,287
Other Revenue - Non-Exchange	3,002,606	-	-	-	-	3,002,606
Revenue from transactions with other segments	**-**	**-**	**-**	**-**	**-**	**-**
Internal Revenue	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	**40,684,732**	**1,592,726**	**60,931,335**	**926,029**	**-**	**104,134,821**
SEGMENT EXPENDITURE						
Employee Related Costs	16,821,486	2,038,067	15,717,727	4,570,410	-	39,147,690
Remuneration of Councillors	3,137,092	-	-	-	-	3,137,092
Debt Impairment	-	-	9,631,307	-	-	9,631,307
Depreciation and Asset Impairment	6,280,959	-	5,281,279	1,419,816	-	12,982,053
Finance Charges	1,371,446	26,543	1,780,810	2,638	-	3,181,437
Bulk Purchases	-	-	21,953,735	-	-	21,953,735
Other Materials	46,150	98,949	305,348	767,851	-	1,218,298
Contracted Services	5,130,439	298,387	4,210,710	1,842,704	25,194	11,507,433
Transfers and Grants	148,129	-	-	-	-	148,129
Other Expenditure	8,909,675	243,943	(878,240)	824,992	52,520	9,152,890
Internal charges	-	-	-	-	-	-
Total Segment Expenditure	**41,845,375**	**2,705,889**	**58,002,675**	**9,428,411**	**77,714**	**112,060,065**
Surplus/(Deficit)	**(1,160,643)**	**(1,113,163)**	**2,928,659**	**(8,502,383)**	**(77,714)**	**(7,925,243)**
Transfers Recognised - Capital	-	6,276,726	65,600,000	4,904,002	-	76,780,728
Contributions Recognised - Capital	-	-	-	-	-	-
Contributed Assets	-	-	2,900,088	-	-	2,900,088
Surplus/(Deficit) after Capital Transfers & Contributions	**(1,160,643)**	**5,163,563**	**71,428,747**	**(3,598,381)**	**(77,714)**	**71,755,572**
Taxation	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	**(1,160,643)**	**5,163,563**	**71,428,747**	**(3,598,381)**	**(77,714)**	**71,755,572**
Attributable to Minorities	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	**(1,160,643)**	**5,163,563**	**71,428,747**	**(3,598,381)**	**(77,714)**	**71,755,572**
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
Surplus/(Deficit) for the year	**(1,160,643)**	**5,163,563**	**71,428,747**	**(3,598,381)**	**(77,714)**	**71,755,572**

HANTAM MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Governance and Administration	Community and Public Safety	Trading Services	Economic and Environmental Services	Other	Unallocated	Total
	R	R	R	R	R		R
OTHER INFORMATION							
Segment Assets	-	-	-	-	-	506,118,840	506,118,840
Segment liabilities	-	-	-	-	-	85,572,982	85,572,982
Non-cash revenue (included above)	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-

HANTAM MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Community and public safety	Economic and environmental services	Trading services				Other	Governance and Administration	Unallocated	Total
			Energy Sources	Water Management	Waste water management	Waste management services				
	R	R	R				R	R	R	R
SEGMENT REVENUE										
External revenue from exchange transactions	**23,726**	**266,283**	**27,894,404**	**1,862,808**	**4,964,340**	**5,433,059**	**-**	**3,522,577**	**-**	**43,967,198**
Service Charges - Electricity Revenue	-	-	26,783,476	-	-	-	-	-	-	26,783,476
Service Charges - Water Revenue	-	-	-	1,862,808	-	-	-	-	-	1,862,808
Service Charges - Sanitation Revenue	-	-	-	-	4,964,340	-	-	-	-	4,964,340
Service Charges - Refuse Revenue	-	-	-	-	-	5,433,059	-	-	-	5,433,059
Rental of Facilities and Equipment	2,407	-	-	-	-	-	-	139,242	-	141,649
Interest Earned - External Investments	-	-	-	-	-	-	-	772,307	-	772,307
Interest Earned - Outstanding Debtors	-	-	1,110,929	-	-	-	-	960,779	-	2,071,707
Licences and Permits	-	-	-	-	-	-	-	3,270	-	3,270
Other Revenue - Exchange	21,319	266,283	-	-	-	-	-	1,646,980	-	1,934,583
External revenue from non-exchange transactions	**1,302,717**	**926,029**	**1,300,000**	**10,288,024**	**5,825,000**	**3,363,700**	**-**	**37,162,154**	**-**	**60,167,623**
Fines	717	24,025	-	-	-	-	-	-	-	24,742
Property Rates	-	-	-	-	-	-	-	14,941,961	-	14,941,961
Availability Charges	-	-	-	7,006,024	-	-	-	-	-	7,006,024
Agency Services	-	176,004	-	-	-	-	-	-	-	176,004
Transfers Recognised - Operational	1,302,000	726,000	1,300,000	3,282,000	5,825,000	3,363,700	-	19,217,587	-	35,016,287
Other Revenue - Non-Exchange	-	-	-	-	-	-	-	3,002,606	-	3,002,606
Revenue from transactions with other segments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Internal Revenue	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	**1,326,443**	**1,192,312**	**29,194,404**	**12,150,832**	**10,789,340**	**8,796,759**	**-**	**40,684,732**	**-**	**104,134,821**
SEGMENT EXPENDITURE										
Employee Related Costs	2,038,067	5,813,259	1,344,306	4,990,032	2,447,414	6,935,975	-	15,578,637	-	39,147,690
Remuneration of Councillors	-	-	-	-	-	-	-	3,137,092	-	3,137,092
Debt Impairment	-	-	4,550,993	2,209,436	1,322,862	1,548,016	-	-	-	9,631,307
Depreciation and Asset Impairment	-	1,419,816	-	3,785,816	1,320,029	175,433	-	6,280,959	-	12,982,053
Finance Charges	26,543	2,638	-	3,020	-	1,777,790	-	1,371,446	-	3,181,437
Bulk Purchases	-	-	21,953,735	-	-	-	-	-	-	21,953,735
Other Materials	98,949	767,851	15,794	289,553	-	-	-	46,150	-	1,218,298
Contracted Services	281,141	1,859,949	1,029,424	1,660,219	201,550	1,319,517	25,194	5,130,439	-	11,507,433
Transfers and Grants	-	-	-	-	-	-	-	148,129	-	148,129
Other Expenditure	243,193	825,742	(141,244)	86,435	111,451	(934,882)	52,520	8,909,675	-	9,152,890
Loss on Disposal of PPE	-	-	-	-	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-	-	-	-	-
Total Segment Expenditure	**2,687,893**	**10,689,256**	**28,753,008**	**13,024,512**	**5,403,307**	**10,821,848**	**77,714**	**40,602,526**	**-**	**112,060,065**

HANTAM MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Community and public safety	Economic and environmental services	Trading services				Other	Governance and Administration	Unallocated	Total
			Energy Sources	Water Management	Waste water management	Waste management services				
	R	R	R				R	R	R	R
Surplus/(Deficit)	**(1,361,450)**	**(9,496,944)**	**441,396**	**(873,680)**	**5,386,033**	**(2,025,090)**	**(77,714)**	**82,206**	**-**	**(7,925,243)**
Transfers Recognised - Capital	6,276,726	4,904,002	1,500,000	64,100,000	-	-	-	-	-	76,780,728
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	2,900,088	-	-	-	-	2,900,088
Surplus/(Deficit) after Capital Transfers & Contributions	**4,915,275**	**(4,592,942)**	**1,941,396**	**63,226,320**	**8,286,121**	**(2,025,090)**	**(77,714)**	**82,206**	**-**	**71,755,572**
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	**4,915,275**	**(4,592,942)**	**1,941,396**	**63,226,320**	**8,286,121**	**(2,025,090)**	**(77,714)**	**82,206**	**-**	**71,755,572**
Attributable to Minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	**4,915,275**	**(4,592,942)**	**1,941,396**	**63,226,320**	**8,286,121**	**(2,025,090)**	**(77,714)**	**82,206**	**-**	**71,755,572**
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	**4,915,275**	**(4,592,942)**	**1,941,396**	**63,226,320**	**8,286,121**	**(2,025,090)**	**(77,714)**	**82,206**	**-**	**71,755,572**

OTHER INFORMATION										
Segment Assets	-	-	-	-	-	-	-	-	506,118,840	506,118,840
Segment liabilities	-	-	-	-	-	-	-	-	85,572,982	85,572,982
Non-cash revenue (included above)	-	-	-	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-	-	-	-

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

Total Segment Revenue (including capital transfers and contributions)	183,815,637
Total Revenue as per Statement of Financial Performance	182,167,196
Difference	**1,648,441**
Reconciling items - not included in Operating revenue	**1,648,441**
Profit/(Loss) on Fair Value Adjustments	1,648,441

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

Total Segment Expenditure	112,060,065
Total Expenditure as per Statement of Financial Performance	106,685,502
Difference	**5,374,563**
Reconciling items - not included in Operating expenditure	**5,374,563**
Impairment Loss on Receivables	4,691,650
Loss on Sale of Fixed Assets	549,428
Water Losses	133,485

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

Surplus for the year as per Segments	71,755,572
Surplus for the year as per Statement of Financial Performance	71,755,572
Difference - None	**-**

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

Total Segment Assets	506,118,840
Total Assets as per Statement of Financial Position	506,118,840
Difference - None	**-**

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

Total Segment Liabilities	85,572,982
Total Liabilities as per Statement of Financial Position	85,572,982
Difference - None	**-**

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

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

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

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

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

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

1.2. PRESENTATION CURRENCY

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

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

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

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.4, on which the municipality was required to transacted for periods after 1 July 2020. Alignment of the item segment with the updated mSCOA charts did not require any reclassification of comparative information previously reported in the annual financial statements.

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

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

The following GRAP standards became effective on 1 April 2020:

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

GRAP 34 - 38 and GRAP 110 will not have an influence on the operations of the municipality.

Amendments were made to the following GRAP interpretations:

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

1.6. MATERIALITY

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

Management has determined materiality for the purposes of explaining variances between the final budget and actual amounts in the annual financial statements, as R1 000 000 <u>and</u> a variance of more than 10%.

1.7. PRESENTATION OF BUDGET INFORMATION

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

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

The comparable information includes the following:

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

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

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements. The municipality considers a variance between the actual and budget of more than 10% of the budgeted value as material, provided that such variance exceeds R1,000,000. All variances less than R1,000,000 is considered immaterial.

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

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

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

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

1.9. RESERVES

1.9.1. Revaluation Reserve

The accounting for the Revaluation Reserve must be performed in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation reserve is realized as revaluated assets are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus / (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.

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 is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

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

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

Unspent conditional grants are 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.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

1.13. PROVISIONS

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

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

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

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

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

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

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

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

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

1.14. 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 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with

GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Staff Leave

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

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

Accumulated leave is vesting.

(d) Staff Bonuses

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

(e) Performance Bonuses

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

(f) Other Short-term Employee Benefits

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

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

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

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1. Initial Recognition

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

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

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

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

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

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

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

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

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

1.15.2. Subsequent Measurement – Revaluation Model (Land and Buildings)

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.15.3. 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.

1.15.4. Depreciation and Impairment

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

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

Land and Buildings	***Years***
Land	Indefinite
Buildings	3-50
Infrastructure	
Roads and Streets	1-100
Electricity Mains	1-80
Water Mains and Purification	1-80
Security Measures	5-20
Community	
Recreation Grounds	3-50
Fire, Safety and Emergency	3-10
Libraries	3-30
Clinics and Hospitals	3-50
Finance lease assets	
Office equipment	1-3
Other	
Motor Vehicles	1-15
Furniture and Office Equipment	1-20
Plant and Equipment	1-20
Landfill sites	5-40
Computer equipment	1-10

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

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

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

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

1.15.5. 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.

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

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

1.16. INTANGIBLE ASSETS

1.16.1. 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.

1.16.2. Subsequent Measurement – Cost Model

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

1.16.3. 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:

Intangible Assets	**Years**
Computer Software	2-12

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

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

Intangible 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 charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

1.16.4. De-recognition

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

1.16.5. 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.

1.17. INVESTMENT PROPERTY

1.17.1. Initial Recognition

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

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

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

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

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

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

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

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

1.17.2. Subsequent Measurement – Fair Value Model

Subsequent to initial recognition, items of investment property is measured at fair value. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

1.17.3. De-recognition

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

1.17.4. 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.

1.18. AGRICULTURE

1.18.1. 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.

1.18.2. 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.

1.19. HERITAGE ASSETS

1.19.1. Initial Recognition

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

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

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

1.19.2. Subsequent Measurement – Cost Model

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

1.19.3. Depreciation and Impairment

Heritage assets are not depreciated

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

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

1.19.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits 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.

1.19.5. 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 2015.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1. Cash generating assets

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

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

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

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

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

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

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

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

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

1.20.2. Non-cash-generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

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

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

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

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

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

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

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

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

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

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

1.21. INVENTORIES

1.21.1. Initial Recognition

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

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.

1.21.2. Subsequent Measurement

Inventories, consisting of consumable stores, materials and supplies and water, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

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

1.22. FINANCIAL INSTRUMENTS

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

1.22.1. Initial Recognition

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

1.22.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, 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.

1.22.2.1. ***Receivables***

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

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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

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

1.22.2.2. ***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.

1.22.2.3. ***Cash and Cash Equivalents***

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

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

1.22.3. De-recognition

1.22.3.1. ***Financial Assets***

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

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

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

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

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

1.22.3.2. *Financial Liabilities*

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

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

1.22.4. Offsetting of Financial Instruments

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

1.23. STATUTORY RECEIVABLES

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

1.23.1. Initial Recognition

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

1.23.2. 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.

1.23.3. Derecognition

The Municipality derecognises a statutory receivable when:

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

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

1.23.4. Transitional Provision

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 from 1 June 2019 and will utilised until the period ending 30 June 2022.

1.24. REVENUE

1.24.1. Revenue from Non-Exchange Transactions

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

Revenue from non-exchange transactions is recognised when:

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

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

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

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

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

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

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

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

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

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

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

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

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

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

1.24.2. Revenue from Exchange Transactions

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

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

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

Revenue from the sale of goods is recognised when:

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

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

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.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied annually or monthly by choice of the user.

Interest revenue is recognised using the effective interest rate method.

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

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

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

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

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

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

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

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

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

1.25. TRANSFER OF FUNCTIONS (Municipality as acquirer)

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

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

An asset is identifiable if it either:

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

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

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

(a) identifying the acquirer (Municipality);
(b) determining the acquisition date;
(c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
(d) recognising the difference between (c) and the consideration transferred to the seller.

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

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

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

1.26. ACCOUNTING BY PRINCIPLES AND AGENTS

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

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

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

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

Identification

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

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

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

1.27. 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 account for them according to their substance as a reduction in the service concession liability, a finance charge, and charges for services provided by the operator.

Other Liabilities, Contingent Liabilities, Contingent Assets and Revenue

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

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

Dividing the arrangement

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

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

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

1.28. TRANSFER OF FUNCTIONS (Municipality as acquirer)

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

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

An asset is identifiable if it either:

- is separable, i.e., is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

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

(a) identifying the acquirer (Municipality);
(b) determining the acquisition date;
(c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
(d) recognising the difference between (c) and the consideration transferred to the seller.

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

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

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

1.29. RELATED PARTIES

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

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

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

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

  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.

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

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

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

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

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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

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

1.30. 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.

1.31. 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.

1.32. 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.

1.33. 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 measures with sufficient reliability.

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

Management judgement is required when recognising and measuring contingent liabilities.

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

1.34. 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 have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

Post-retirement medical obligations and long service awards

The cost of post-retirement medical obligations and long service awards and 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 15 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

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

Impairment of Statutory Receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historic 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 on independent valuator. The valuator’s valuation was based on assumptions about the market’s buying and selling trends and the remaining duration of the assets.

Intangible Assets

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

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

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

Investment Property

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

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

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

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

Provisions and Contingent Liabilities

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

Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

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

Provision for Staff leave

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

Provision for Performance bonuses

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

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused.

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.

The iGRAP 20 interpretation is not regarded as having an effect, as the principals of revising revenue (for e.g., incorrect tariff or appeal) is already applied by the municipality.

1.35. TAXES – VALUE ADDED TAX

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

1.36. 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.

1.37. 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.

1.38. SEGMENT REPORTING

A segment is an activity of an entity:

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

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

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

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

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

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2021

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions & WIP	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Infrastructure													
Roads & Storm Water	44,851,845	-	7,412,236	-	-	52,264,081	11,384,263	-	1,419,816	-	-	12,804,079	39,460,002
Electricity	31,547,113	-	29,311,634	-	(6,141)	60,852,606	11,446,609	-	1,068,436	-	(4,940)	12,510,105	48,342,501
Water Supply	253,383,276	-	27,173,293	-	(491,961)	280,064,607	19,424,093	-	5,869,496	-	(39,195)	25,254,394	254,810,213
Sanitation	54,921,856	-	6,521,318	-	-	61,443,175	9,190,965	-	1,320,029	-	-	10,510,994	50,932,181
Solid Waste	13,401,314	-	(3,196,039)	-	-	10,205,275	6,152,843	-	175,468	-	-	6,328,311	3,876,964
	398,105,405	-	67,222,442	-	(498,102)	464,829,744	57,598,772	-	9,853,246	-	(44,134)	67,407,883	397,421,861
Community Assets													
Community Facilities	11,561,513	-	-	-	(228,391)	11,333,122	2,214,868	-	626,080	-	(180,961)	2,659,986	8,673,135
Sport and Recreation Facilities													
Outdoor Facilities	22,280,399	-	1,451,283	-	(27,988)	23,703,694	2,248,139	-	973,584	-	(16,527)	3,205,195	20,498,499
	33,841,912	-	1,451,283	-	(256,379)	35,036,816	4,463,007	-	1,599,664	-	(197,489)	5,865,181	29,171,634
Other Assets	29,378,905												
Other Land	1,785,411	-	-	-	-	1,785,411	-	-	-	-	-	-	1,785,411
Operational Buildings	5,572,939	-	-	-	-	5,572,939	4,026,129	-	98,950	-	-	4,125,079	1,447,859
Computer Equipment	1,514,572	-	621,808	-	(90,027)	2,046,354	780,163	-	122,238	-	(70,573)	831,829	1,214,525
Furniture and Office Equipment	2,933,880	-	316,572	-	(51,651)	3,198,801	2,425,574	-	133,721	-	(47,977)	2,511,318	687,483
Machinery and Equipment	1,643,129	-	807,623		(52,088)	2,398,663	882,636	-	215,427	-	(39,630)	1,058,433	1,340,230
Transport Assets	10,447,622	-	1,626,695	-	(19,500)	12,054,817	6,667,567	-	747,588	-	(18,518)	7,396,637	4,658,180
	23,897,553	-	3,372,698	-	(213,267)	27,056,984	14,782,070	-	1,317,924	-	(176,697)	15,923,296	11,133,688
Leases													
Furniture and Office Equipment	-	-	655,863	-	-	655,863	-	-	200,403	-	-	200,403	455,461
	-	-	655,863	-	-	655,863	-	-	200,403	-	-	200,403	455,461
Total	455,844,870	-	72,702,286	-	(967,748)	527,579,408	76,843,848	-	12,971,236	-	(418,321)	89,396,763	438,182,644

2.2 30 JUNE 2020

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Infrastructure							246,844						
Roads & Storm Water	43,354,166	382,870	1,282,786	-	(167,976)	44,851,845	9,948,312	(259,288)	1,761,022	-	(65,783)	11,384,263	33,467,582
Electricity	30,523,392	103,948	972,607	-	(52,834)	31,547,113	10,725,660	4,343	751,069	-	(34,463)	11,446,609	20,100,504
Water Supply	175,782,499	(559,374)	79,209,675	-	(1,049,524)	253,383,276	15,542,258	(129,051)	4,615,700	-	(604,815)	19,424,093	233,959,183
Sanitation	53,932,789	319,401	703,037	-	(33,370)	54,921,856	8,011,080	(82,365)	1,282,703	-	(20,453)	9,190,965	45,730,892
Solid Waste	15,796,774	-	(2,394,970)	-	(489)	13,401,314	5,552,941	(30)	600,420	-	(489)	6,152,843	7,248,472
	319,389,620	246,844	79,773,135	-	(1,304,194)	398,105,405	49,780,251	(466,389)	9,010,913	-	(726,003)	57,598,772	340,506,633
Community Assets													
Community Facilities	11,574,044	-	-	-	(12,531)	11,561,513	1,558,991	-	664,498	-	(8,621)	2,214,868	9,346,645
Sport and Recreation Facilities													
Outdoor Facilities	11,939,173	-	10,774,500	-	(433,274)	22,280,399	1,813,250	-	802,549	-	(367,660)	2,248,139	20,032,260
	23,513,216	-	10,774,500	-	(445,805)	33,841,912	3,372,241	-	1,467,047	-	(376,281)	4,463,007	29,378,905
Other Assets													
Other Land	1,785,411	-	-	-	-	1,785,411	-	-	-	-	-	-	1,785,411
Operational Buildings	5,572,939	-	-	-	-	5,572,939	3,926,907	-	99,222	-	-	4,026,129	1,546,809
Computer Equipment	1,088,021	25,619	410,984	-	(10,051)	1,514,572	667,520	738	120,220	-	(8,314)	780,163	734,409
Furniture and Office Equipment	2,929,868	9,146	23,854	-	(28,988)	2,933,880	2,291,033	2,798	158,465	-	(26,721)	2,425,574	508,306
Machinery and Equipment	1,409,192	81,057	168,615	-	(15,736)	1,643,129	735,526	8,671	151,321	-	(12,883)	882,636	760,493
Transport Assets	9,204,009	-	1,243,613	-	-	10,447,622	6,047,700	-	616,001	-	3,867	6,667,567	3,780,055
	21,989,440	115,822	1,847,066	-	(54,776)	23,897,553	13,668,685	12,207	1,145,230	-	(44,052)	14,782,070	9,115,483
Leases													
Furniture and Office Equipment	465,508	-	-	-	(465,508)	-	290,701	-	174,807	-	(465,508)	-	-
	465,508	-	-	-	(465,508)	-	290,701	-	174,807	-	(465,508)	-	-
Total	365,357,785	362,667	92,394,701	-	(2,270,283)	455,844,870	67,111,878	(454,183)	11,797,997	-	(1,611,844)	76,843,848	379,001,021

		2021 R	2020 R
2.3	**Property, Plant and Equipment which is in the process of being constructed or developed:**		
	Infrastructure Assets	16,389,942	103,630,323
	Roads	4,757,829	182,037
	Electricity	4,775,187	213,313
	Water Supply	4,333,523	103,234,973
	Sanitation	2,523,403	
	Community Assets	-	7,073,749
	Other Assets	329,500	329,500
	Total Property, Plant and Equipment under construction	**16,719,442**	**111,033,572**

The movements for the year can be reconciled as follows:

	2021 R	2020 R
Balance at beginning of year	111,033,572	30,217,339
Expenditure during the year	69,601,288	88,776,938
Donated Assets	2,900,088	4,495,167
Assets unbundled during the year	(166,815,506)	(12,455,872)
Balance at end of year	**16,719,442**	**111,033,572**

2.4 There are no Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected.

2.5 There are no Property, Plant and Equipment where construction or development has been halted.

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

	2021 R	2020 R
Other materials	1,218,298	1,894,502
Previously reported	-	63,423
Correction of balance previously reported	-	1,831,079
Contracted Services	8,455,690	8,304,594
Previously reported	-	4,711,480
Correction of balance previously reported	-	3,593,114
Other Expenditure	11,170	37,538
Previously reported	-	5,875,417
Correction of balance previously reported	-	(5,837,879)
Total Repairs and Maintenance	**9,685,158**	**10,236,634**

2.7 Assets pledged as security:

Leased Property, Plant and Equipment of R 455,461 (2020: R 0) is secured for leases as set out in Note 13.

2.8 Details of Valuation

The effective date of the revaluations was 1 July 2019. Revaluations were performed by an independent valuers, HCB Property Valuations, HC Botha and P le Roux . The valuers are not connected to the municipality. Land and Buildings are revalued independently every 5 years.

The following methods and significant assumptions were used:

Residential, Vacant and Agricultural properties - Comparable Sales

An appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The sales comparison approach takes into account the effect that individual features have on the overall property value, meaning that the total value of the property is a sum of values of all its features.

Commercial/Industrial - Capitalization of Income Approach

Is applicable to income producing properties and is not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. This method is based on the principle of anticipation and a process of capitalization is used to convert an income projection into present capital indication.

Reconciliation of Revaluation Surplus:

	2021 R	2020 R
Opening balance	2,551,323	2,692,664
Movement for the period	-	(141,341)
Closing balance	2,551,323	2,551,323

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

	2021 R	2020 R
Approved and contracted for:	7,954,408	69,234,970
Infrastructure	7,954,408	63,210,936
Community	-	6,024,034
Total	**7,954,408**	**69,234,970**
This expenditure will be financed from:		
Government Grants	7,954,408	69,234,970
Total	**7,954,408**	**69,234,970**

Contractual commitments are disclosed inclusive of VAT.

2.10 Properties held for strategic purposes:

Properties are classified as held for strategic purposes when the Municipality has not made a firm decision on the use of the property, but the property is likely to be used to fulfil its mandate. The only properties currently held for strategic purposes are vacant land which is included in Other Land.

2.11 Contributed Property, Plant and Equipment:

The Municipality received donated assets amounting to R2,900 088 (2020: R4,495,167) during the financial year. Cost of the donated assets was confirmed with invoices from the donor. The donated assets are included in Property, Plant and Equipment additions per asset class in Note 2.1 and are classified as follows:

	2021	2020
Electricity Infrastructure	171,358	91,380
Sanitation Infrastructure	-	703,037
Roads and Storm Water Infrastructure	2,654,407	-
Machinery and Equipment	74,322	-
Community Assets - Sports and Recreational Facilities - Outdoor Facilities	-	3,700,750
Total	**2,900,088**	**4,495,167**

3. AGRICULTURAL

3.1 Biological Assets that from part on an agricultural activity:

Consumable Biological Asset	Quantity (Units)	Fair Value	2021 R	2020 R
Springbuck	30	450	13,500	13,500
Total Consumable Biological Assets		450	13,500	13,500
Total Biological Assets		**450**	**13,500**	**13,500**

Fair value of biological assets is based on selling prices less costs to sell in an open market.

3.2 Reconciliation of changes in the carrying amount of biological assets:

	2021	2020
Balance beginning of year	13,500	13,500
Additions	-	-
Disposals	-	-
Transfers	-	-
Other changes	-	-
Balance end of year	**13,500**	**13,500**

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the development or acquisition of biological assets.

All biological assets are located in the Akkerdam Nature Reserve. The primary activities around biological assets are as follows:

- Ensure that the game life of the municipal area are conserved for future generations.
- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the purchase game, resulting in an inflow of resources to the municipality.

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:
- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring of game quantities by municipal staff.

All biological assets are considered to be consumable biological assets in term of GRAP 27.

4. INVESTMENT PROPERTY

		2021 R	2020 R
4.1	**Net Carrying amount at 1 July**	**36,033,000**	**36,033,000**
	Fair Value	36,033,000	36,033,000
	Gains arising from changes in fair value	1,648,441	-
	Net Carrying amount at 30 June	**37,681,441**	**36,033,000**
	Fair Value	37,681,441	36,033,000

4.2 Revenue from Investment Property

	2021 R	2020 R
Revenue derived from the rental of Investment Property	139,242	137,146

There are no Investment Property which is in the process of being constructed or developed.

There are no Investment Property that is taking a significantly longer period of time to complete than expected.

There are no Investment Property where construction or development has been halted.

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

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

Fair value of Investment Properties was determined on 30 June 2021 by taking current property sales and current market conditions into consideration. Valuations were performed by independent valuers, HCB Property Valuations. The fair value of properties not located in the Municipal demarcation is confirmed with the external values contained in the latest published valuation roll for the specific area.

The following methods and significant assumptions were used:

Residential, Vacant and Agricultural properties - Comparable Sales

An appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The sales comparison approach takes into account the effect that individual features have on the overall property value, meaning that the total value of the property is a sum of values of all its features.

Commercial/Industrial - Capitalization of Income Approach

Is applicable to income producing properties and is not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. This method is based on the principle of anticipation and a process of capitalization is used to convert an income projection into present capital indication.

5. INTANGIBLE ASSETS

		2021 R	2020 R
5.1	**Net Carrying amount at 1 July**	**663,065**	**629,491**
	Cost	672,741	631,505
	Accumulated Amortisation	(9,676)	(2,014)
	Additions	21,294	41,236
	Amortisation	(10,816)	(7,662)
	Net Carrying amount at 30 June	**673,543**	**663,065**
	Cost	694,035	672,741
	Accumulated Amortisation	(20,492)	(9,676)

5.2 Intangible Assets which is in the process of being constructed or developed:

	2021 R	2020 R
Servitudes	575,194	575,194
Total	**575,194**	**575,194**

There are no Intangible Assets that is taking a significantly longer period of time to complete than expected. Loeriesfontein Servitude is still in progress and finalisation is pending.

There are no Intangible Assets where construction or development has been halted.

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There age no intangible assets pledged as security for liabilities.

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

6. HERITAGE ASSETS

	2021 R	2020 R
6.1 Net Carrying amount at 1 July	**1,618,055**	**1,618,055**
Cost	1,618,055	1,618,055
Net Carrying amount at 30 June	**1,618,055**	**1,618,055**
Cost	1,618,055	1,618,055
Calvinia Museum	1,300,000	1,300,000
Loeriesfontein Museum Erven 355	282,500	282,500
Kerkstraat Erven 301 & 302	10,000	10,000
Akkerendam Nature Reserve	25,556	25,556
	1,618,056	1,618,056

There are no Heritage Assets which is in the process of being constructed or developed.

There are no Heritage Assets that is taking a significantly longer period of time to complete than expected.

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.

There was no expenditure incurred for repairs and maintenace of Heritage Assets.

7. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2021	2020
Receivables with repay arrangements - At amortised cost	100,190	10,338
Electricity	2,137	-
Water	30,851	1,603
Waste Management	20,617	1,495
Waste Water Management	18,136	1,304
Other Service Charges	28,450	5,936
Less: Current portion transferred to Receivables from Exchange Transactions	(47,245)	(7,413)
Total Non-Current Receivables from Exchange Transactions	**52,945**	**2,925**

8. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2021	2020
Rates	21,102	9,835
Less: Current portion transferred to Receivables from Non-Exchange Transactions	(10,487)	(6,749)
Total Non-Current Receivables from Non-Exchange Transactions	**10,615**	**3,086**

9. INVENTORY

	2021	2020
Water	104,627	50,048
Total Inventory	**104,627**	**50,048**

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

9.1 Inventories recognise as an expense during the year:

	2021	2020
Materials and Supplies	1,084,813	1,752,335
Total	**1,084,813**	**1,752,335**

10. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2021 R	2020 R
Electricity	7,560,303	6,419,395
Previously reported	-	7,481,816
Correction of Error - Note 43.2	-	(1,062,421)
Water	6,841,155	7,174,930
Previously reported	-	7,731,843
Correction of Error - Note 43.2	-	(556,913)
Waste Management	12,071,245	10,657,973
Previously reported	-	10,701,168
Correction of Error - Note 43.2 (Internal Charges)	-	(43,194)
Waste Water Management	7,497,965	6,731,996
Previously reported	-	6,745,599
Correction of Error - Note 43.2 (Internal Charges)	-	(13,603)
Other Arrears	3,670,580	3,540,879
Interest	2,054,268	1,826,991
Other	1,616,312	1,713,934
Correction of Error - Note 43.2 (Internal Charges)	-	(47)
Total: Receivables from exchange transactions (before provision)	**37,641,248**	**34,525,173**
Less: Provision for Debt Impairment	(31,064,131)	(28,835,054)
Total: Receivables from exchange transactions (after provision)	**6,577,117**	**5,690,119**

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.

Debtors with a total outstanding balance of R100,190 (2020: R10,338) have arranged to settle their account over an re-negotiated period. Total payments to the value of R52,945 (2020: R2,925) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

(Electricity): Ageing

	2021	2020
Current (0 - 30 days)	1,994,380	2,766,543
31 - 60 Days	379,802	398,304
61 - 90 Days	309,531	336,619
+ 90 Days	4,876,590	2,917,929
Total	**7,560,303**	**6,419,395**

(Water): Ageing

	2021	2020
Current (0 - 30 days)	621,998	1,601,258
31 - 60 Days	312,818	358,002
61 - 90 Days	398,525	380,427
+ 90 Days	5,507,813	4,835,243
Total	**6,841,155**	**7,174,930**

(Waste Management): Ageing

	2021	2020
Current (0 - 30 days)	812,453	793,375
31 - 60 Days	296,008	300,659
61 - 90 Days	275,939	276,945
+ 90 Days	10,686,846	9,286,995
Total	**12,071,245**	**10,657,973**

(Waste Water Management): Ageing

	2021	2020
Current (0 - 30 days)	715,620	680,421
31 - 60 Days	255,939	251,347
61 - 90 Days	221,970	225,699
+ 90 Days	6,304,436	5,574,530
Total	**7,497,965**	**6,731,996**

(Other): Ageing

	2021	2020
Current (0 - 30 days)	226,686	226,983
31 - 60 Days	105,762	98,300
61 - 90 Days	91,639	84,907
+ 90 Days	3,246,493	3,130,689
Total	**3,670,580**	**3,540,879**

(Total): Ageing

	2021	2020
Current (0 - 30 days)	4,371,136	6,068,578
31 - 60 Days	1,350,329	1,406,612
61 - 90 Days	1,297,604	1,304,597
+ 90 Days	30,622,178	25,745,386
Total	**37,641,248**	**34,525,173**

	2021 R	2020 R
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	28,835,054	25,384,641
Previously reported	-	25,684,611
Correction of Error - Note 43.2 (Internal Charges)	-	(299,970)
Contribution to provision	1,938,328	2,979,007
Previously reported	-	6,205,410
Correction of Error - Note 43.2 (Internal Charges)	-	(163,699)
Correction of Error - Note 43.2 (Impairment calculation)	-	(3,062,704)
VAT on provision	290,749	471,406
Previously reported	-	933,486
Correction of Error - Note 43.2 (Impairment calculation)	-	(462,080)
Reversal of provision	-	-
Balance at end of year	**31,064,131**	**28,835,054**

The total amount of this provision is R31,064,131 (2020: R28,835,054) and consists of:

	2021 R	2020 R
Services	31,064,131	28,835,054
Other Debtors	-	-
Total Provision for Debt Impairment on Receivables from exchange transactions	**31,064,131**	**28,835,054**
Ageing of amounts past due but not impaired:		
1 month past due	-	-
2+ months past due	-	-
	-	**-**

11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2021 R	2020 R
Taxes - Rates	19,785,354	15,962,635
Previously reported	-	16,057,133
Correction of Error - Note 43.3	-	(94,498)
Availability Charges	10,498,136	9,163,195
Previously reported	-	9,180,469
Correction of Error - Note 43.3	-	(17,274)
Other Receivables	1,058,883	1,210,007
	31,342,373	26,335,836
Less: Provision for Debt Impairment	(24,643,701)	(21,707,689)
Total Receivables from non-exchange transactions	**6,698,672**	**4,628,147**

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. The fair value of other receivables approximate their carrying value.

Debtors with a total outstanding balance of R21,102 (2020: R9,835) have arranged to settle their account over an re-negotiated period. Total payments to the value of R10,615 (2020: R3,086) have been deferred beyond 12 months after year end and subsequently included as part of long term debtors.

	2021 R	2020 R
(Availability Charges): Ageing		
Current (0 - 30 days)	646,140	631,666
31 - 60 Days	243,894	240,949
61 - 90 Days	228,701	221,345
+ 90 Days	9,379,401	8,069,235
Total	**10,498,136**	**9,163,195**
(Rates): Ageing		
Current (0 - 30 days)	1,278,338	1,214,924
31 - 60 Days	389,422	373,838
61 - 90 Days	353,306	363,551
+ 90 Days	17,764,288	14,010,322
Total	**19,785,354**	**15,962,635**

Summary of Debtors (Rates) by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2021			
Current (0 - 30 days)	1,071,088	175,251	31,999
31 - 60 Days	348,738	35,333	5,352
61 - 90 Days	316,362	31,636	5,308
+ 90 Days	15,326,034	979,146	1,459,108
Sub-total	17,062,222	1,221,366	1,501,767
Less: Provision for Debt Impairment	(12,436,716)	(890,258)	(1,094,643)
Total debtors by customer classification	**4,625,506**	**331,108**	**407,123**

Summary of Debtors (Rates) by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2020			
Current (0 - 30 days)	918,858	190,008	109,341
31 - 60 Days	292,728	33,114	48,006
61 - 90 Days	281,861	31,450	50,252
+ 90 Days	10,836,258	929,402	2,241,357
Sub-total	12,329,705	1,183,974	2,448,956
Less: Provision for Debt Impairment	(9,982,112)	(901,400)	(1,939,917)
Total debtors by customer classification	**2,347,593**	**282,574**	**509,039**

Reconciliation of Provision for Debt Impairment

	2021 R	2020 R
Balance at beginning of year	21,707,689	19,354,922
Previously reported	-	18,618,740
Correction of Error - Note 43.3 (Internal Charges)	-	736,182
Contribution to provision	2,753,322	2,164,497
Previously reported	-	5,290,073
Correction of Error - Note 43.3 (Internal Charges)	-	(513,637)
Correction of Error - Note 43.3 (Impairment calculation)	-	(2,611,940)
VAT on provision	182,690	188,270
Balance at end of year	**24,643,701**	**21,707,689**

The total amount of this provision is R 24,643,701 (2020: R 21,707,689) and consists of:

	2021 R	2020 R
Taxes	14,421,617	12,823,429
Availability Charges	10,222,084	8,884,260
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	**24,643,701**	**21,707,689**

Ageing of amounts past due but not impaired:

	2021 R	2020 R
1 month past due	389,422	373,838
2+ months past due	3,695,977	1,550,444
	4,085,399	**1,924,282**

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

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

12. BANK ACCOUNTS

12.1 Cash and Cash Equivalents

Current Accounts	3,131,227	24,965
Call Deposits and Investments	6,099,789	1,150,467
Cash On-hand	1,500	1,500
Total Cash and Cash Equivalents - Assets	**9,232,516**	**1,176,933**

12.2 Liabilities

Current Accounts	-	(186,161)
Total Cash and Cash Equivalents - Liabilities	**-**	**(186,161)**

The municipality has the following bank accounts:

Current Accounts

Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):	240,460	(186,161)
ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):	2,716,225	18,338
Standard Bank - Account No. 08 299 664 4 (Account - opened in accordance with MFMA Section 12):	174,541	6,627
	3,131,227	**(161,196)**

Call Deposits and Investments

Call Deposit CRR - Standard Bank Account No. 088673669021:	32,505	34,105
Financial Management Grant - Standard Bank Account No. 088673669024:	6,007	14,280
Municipal Systems Improvement Grant - Standard Bank Account No. 088673669023:	3,005,998	3,709
Hantam DBSA - Standard Bank Account No. 088673669025:	357,022	26,217
Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:	2,510,634	5,001
Hantam Surplus Cash - Standard Bank Account No. 088673669026:	24,900	1,063,902
Hantam EPWP - Standard Bank Account No. 088673669027:	1,166	1,160
Hantam INEP - Standard Bank Account No. 088673669028:	161,556	2,093
	6,099,789	**1,150,467**

	2021 **R**	**2020** **R**
Details of current accounts are as follow:		
Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):		
Cash book balance at beginning of year	(186,161)	(5,056,864)
Cash book balance at end of year	240,460	(186,161)
Bank statement balance at beginning of year	119,779	317,071
Bank statement balance at end of year	216,119	119,779
ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):		
Cash book balance at beginning of year	18,338	30,435
Cash book balance at end of year	2,716,225	18,338
Bank statement balance at beginning of year	216,681	77,468
Bank statement balance at end of year	2,744,162	216,681
Standard Bank - Account No. 08 299 664 4 (Account - opened in accordance with MFMA Section 12):		
Cash book balance at beginning of year	6,627	87,425
Cash book balance at end of year	174,541	6,627
Bank statement balance at beginning of year	6,627	87,425
Bank statement balance at end of year	174,541	6,627
Details of call investment accounts are as follow:		
Call Deposit CRR - Standard Bank Account No. 088673669021:		
Cash book balance at beginning of year	34,105	207,151
Cash book balance at end of year	32,505	34,105
Bank statement balance at beginning of year	34,105	207,151
Bank statement balance at end of year	32,505	34,105
Financial Management Grant - Standard Bank Account No. 088673669024:		
Cash book balance at beginning of year	14,280	4,169
Cash book balance at end of year	6,007	14,280
Bank statement balance at beginning of year	14,280	4,169
Bank statement balance at end of year	6,007	14,280
Cash book balance at beginning of year	3,709	3,647
Cash book balance at end of year	3,005,998	3,709
Bank statement balance at beginning of year	3,709	3,647
Bank statement balance at end of year	3,005,998	3,709

Hantam DBSA - Standard Bank Account No. 088673669025:		
Cash book balance at beginning of year	26,217	25,673
Cash book balance at end of year	357,022	26,217
Bank statement balance at beginning of year	26,217	25,673
Bank statement balance at end of year	357,022	26,217
Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:		
Cash book balance at beginning of year	5,001	2,081,118
Cash book balance at end of year	2,510,634	5,001
Bank statement balance at beginning of year	5,001	2,081,118
Bank statement balance at end of year	2,510,634	5,001
Hantam Surplus Cash - Standard Bank Account No. 088673669026:		
Cash book balance at beginning of year	1,063,902	5,762
Cash book balance at end of year	24,900	1,063,902
Bank statement balance at beginning of year	1,063,902	5,762
Bank statement balance at end of year	24,900	1,063,902
Hantam EPWP - Standard Bank Account No. 088673669027:		
Cash book balance at beginning of year	1,160	1,140
Cash book balance at end of year	1,166	1,160
Bank statement balance at beginning of year	1,160	1,140
Bank statement balance at end of year	1,166	1,160
Hantam INEP - Standard Bank Account No. 088673669028:		
Cash book balance at beginning of year	2,093	6,042
Cash book balance at end of year	161,556	2,093
Bank statement balance at beginning of year	2,093	6,042
Bank statement balance at end of year	161,556	2,093

		2021 R	2020 R
13.	**LONG-TERM BORROWINGS**		
	Capitalised Lease Liability - At amortised cost	484,916	-
		484,916	**-**
	Less: Current Portion of Long-term Borrowings	(214,449)	**-**
	Capitalised Lease Liability - At amortised cost	(214,449)	-
		270,468	**-**
	Total Long-term Borrowings	**270,468**	**-**

		Minimum payments	
13.1	The obligations under finance leases are scheduled below:		
	Amounts payable under finance leases:		
	Payable within one year	271,565	-
	Payable within two to five years	294,196	-
		565,761	-
	Less: Future finance obligations	(80,844)	-
	Present value of finance lease obligations	**484,916**	**-**

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
CJJ Business Solutions (ta Nashua)	Copiers/Printers	15%	0%	3 Years	7/31/2023

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

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

		2021 R	2020 R
14.	**NON-CURRENT PROVISIONS**		
	Provision for Rehabilitation of Landfill-sites	16,792,673	19,117,155
	Total Non-current Provisions	**16,792,673**	**19,117,155**
14.1	***Landfill Sites***		
	Balance 1 July	19,117,155	19,890,079
	Contribution for the year	1,777,790	1,622,046
	Change in Provision for Rehabilitation Cost	(4,102,271)	(2,394,970)
	Total provision 30 June	**16,792,673**	**19,117,155**
	Less: Transfer of Current Portion to Current Provisions	-	-
	Balance 30 June	**16,792,673**	**19,117,155**

	Brandvlei	Calvinia	Loeriesfontein	Nieuwoudtville
Rehabilitation volume (m³)	31,069	33,017	7,153	3,791
Preliminary and general (Rand)	1,539,396	1,822,227	432,451	270,918
Site Clearance and Preparation	36,351	38,630	8,369	4,435
Storm water control measures (Rand)	1,476,691	1,490,130	671,727	527,839
Capping (Rand)	7,415,503	7,761,032	1,712,911	908,256
Leachate Management (Rand)	532,665	547,214	256,229	214,660
Fencing (Rand)	11,999	1,376,699	11,999	11,999
Environmental Authorisation Closing License (Rand)	445,500	445,500	445,500	445,500
Technical ROD (Rand)	195,000	195,000	195,000	195,000
Install Groundwater Monitoring Boreholes with locable caps (Rand)	224,356	175,700	184,084	190,547
Landscape Architects (Rand)	132,997	137,570	135,108	134,239
Water use licence (Rand)	35,000	35,000	35,000	35,000
Topographical Survey (Rand)	7,457	7,924	6,750	6,750
Contingencies (Rand)	1,101,261	1,303,593	309,369	193,811
Engineering: Professional Fees (Rand)	1,272,921	1,506,615	417,887	265,350
Site Supervision (Engineer's Representative) (Rand)	351,041	400,997	201,157	141,141
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	103,581	178,731	128,775	100,163

The municipality has an obligation to rehabilitate landfill sites at the end of the expected usefull life of the asset. The estimate cost and date of decommission of the sites are as follows:

Location	Estimated decommission date	Post-closure monitoring period	2021 R	2020 R
Brandvlei	2051	None	64,686,475	35,507,168
Calvinia	2034	2040 - 2069	33,432,515	21,671,637
Loeriesfontein	2046	None	17,530,844	11,193,768
Nieuwoudtville	2035	None	7,237,327	6,429,570
			122,887,161	**74,802,143**

Post closure monitoring of landfill sites are applicable only to the Calvinia landfill in terms of the permit requirements of Hantam Municipality. Post closure monitoring is required for a period not exeeding 30 years and is expected to commence in 2040.

15. NON-CURRENT EMPLOYEE BENEFITS

	2021	2020
Provision for Post Retirement Health Care Benefits	14,508,000	13,072,000
Provision for Long Service Awards	1,847,000	2,000,000
Total Non-current Employee Benefits	**16,355,000**	**15,072,000**

Post Retirement Health Care Benefits

	2021	2020
Balance 1 July	14,028,000	15,487,103
Contribution for the year	1,515,000	1,600,943
Expenditure for the year	(1,147,977)	(831,680)
Actuarial Loss/(Gain)	1,146,977	(2,228,366)
Total provision 30 June	**15,542,000**	**14,028,000**
Less: Transfer of Current Portion to Current Provisions - Note 17	(1,034,000)	(956,000)
Balance 30 June	**14,508,000**	**13,072,000**

Long Service Awards

	2021	2020
Balance 1 July	2,160,000	2,098,043
Contribution for the year	354,000	356,822
Expenditure for the year	(48,528)	(96,498)
Actuarial Gain	(209,472)	(198,367)
Total provision 30 June	**2,256,000**	**2,160,000**
Less: Transfer of Current Portion to Current Provisions - Note 17	(409,000)	(160,000)
Balance 30 June	**1,847,000**	**2,000,000**

15.1 Provision for Post Retirement Health Care Benefits

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

	2021	2020
In-service (employee) members	23	25
In-service (employee) non-members	94	-
Continuation members (e.g. Retirees, widows, orphans)	15	14
Total Members	**132**	**39**

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

	2021 R	2020 R
In-service members	3,463,000	3,896,000
In-service non-members	306,000	-
Continuation members	11,773,000	10,132,000
Total Liability	**15,542,000**	**14,028,000**

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

	2019 R	2018 R	2017 R
In-service members	4,073,242	5,291,229	5,362,866
In-service non-members	-	-	-
Continuation members	11,413,861	10,353,572	6,965,071
Total Liability	15,487,103	15,644,801	12,327,937

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

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R220 000, whereas the Interest Cost for the next year is estimated to be R1 448 000.

Key actuarial assumptions used:	2021 %	2020 %
i) Rate of interest		
Discount rate	9.63%	9.75%
Health Care Cost Inflation Rate	6.52%	5.90%
Net Effective Discount Rate	2.92%	3.64%

ii) Mortality rates

The PA(90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010 was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 65 years.

iv) Expected rate of salary increases

2020/2021 - CPI + 1,25%

The three-year Salary and Wage Collective Agreement ends on 30 June 2022.

	2021 R	2020 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	15,542,000	14,028,000
Fair value of plan assets	-	-
	15,542,000	14,028,000
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	**15,542,000**	**14,028,000**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	14,028,000	15,487,103
Total expenses	367,023	769,263
Current service cost	193,000	228,221
Interest Cost	1,322,000	1,372,722
Benefits Paid	(1,147,977)	(831,680)
Actuarial (gains)/losses	1,146,977	(2,228,366)
Present value of fund obligation at the end of the year	15,542,000	14,028,000
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability on 30 June 2021

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	3.769	11.773	15.542

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	+1%	4.559	12.891	17.450	12%
Health care inflation	-1%	3.142	10.801	13.943	-10%
Post-employment mortality	+1 yr	3.666	11.352	15.018	-3%
Post-employment mortality	-1 yr	3.873	12.197	16.070	3%
Average retirement age	-1 yr	4.139	11.773	15.912	2%
Withdrawal Rate	-10%	3.289	11.773	15.062	-3%

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

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	220,000	1,448,000	1,668,000

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation	+1%	273,000	1,632,000	1,905,000	14%
Health care inflation	-1%	178,000	1,294,000	1,472,000	-12%
Post-retirement mortality	+1 yr	214,000	1,398,000	1,612,000	-3%
Post-retirement mortality	-1 yr	226,000	1,499,000	1,725,000	3%
Average retirement age	-1 yr	235,000	1,484,000	1,719,000	3%
Withdrawal Rate	-10%	192,000	1,402,000	1,594,000	-4%

	2021 Rm	2020 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	(0.320)	0.046
Assets: Gain / (loss)	–	–

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

	2019 Rm	2018 Rm	2017 Rm
Liabilities: (Gain) / loss	(0.464)	(0.297)	1.118
Assets: Gain / (loss)	–	-	–

Impact on COVID-19

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

	2021 R	2020 R

15.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 117 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R196 000 whereas the Interest Cost for the next year is estimated to be R183 000.

Key actuarial assumptions used:	2021 %	2020 %
i) Rate of interest		
Discount rate	8.89%	7.17%
General Salary Inflation (long-term)	5.77%	3.86%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.95%	3.19%

	2021 R	2020 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	2,256,000	2,160,000
Fair value of plan assets	-	-
	2,256,000	2,160,000
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	**2,256,000**	**2,160,000**

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	2,160,000	2,098,043
Total expenses	305,472	260,324
Current service cost	205,000	198,525
Interest Cost	149,000	158,297
Benefits Paid	(48,528)	(96,498)
Actuarial (gains)/losses	(209,472)	(198,367)
Present value of fund obligation at the end of the year	**2,256,000**	**2,160,000**

Reconciliation of fair value of plan assets:

	2021 R	2020 R
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	**-**	**-**

Sensitivity Analysis on the Accrued Liability on 30 June 2021

Assumption	Change	Liability (Rm)	% change
Central assumptions		2.256	
General salary inflation	+1%	2.372	5%
General salary inflation	-1%	2.148	-5%
Average retirement age	+2 yrs	2.422	7%
Average retirement age	-2 yrs	2.019	-11%
Withdrawal rates	x2	1.913	-15%
Withdrawal rates	x0,5	2.486	10%

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	196,000	183,000	379,000

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%	211,000	193,000	404,000	7%
General earnings inflation rate	-1%	184,000	173,000	357,000	-6%
Discount rate	+1%	185,000	192,000	377,000	-1%
Discount rate	-1%	209,000	172,000	381,000	1%
Average retirement age	+2 yrs	211,000	198,000	409,000	8%
Average retirement age	-2 yrs	178,000	162,000	340,000	-10%
Withdrawal Rate	x2	149,000	152,000	301,000	-21%
Withdrawal Rate	x0,5	231,000	203,000	434,000	15%

Experience adjustments were calculated as follows:

	2021 Rm	2020 Rm
Liabilities: (Gain) / loss	(0.221)	(0.112)
Assets: Gain / (loss)	-	-

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

	2019 Rm	2018 Rm	2017 Rm
Liabilities: (Gain) / loss	0.102	0.132	0.230
Assets: Gain / (loss)	-	-	-

Impact of COVID-19

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

		2021 R	2020 R
15.3	**Retirement funds**		

DEFINED CONTRIBUTION FUNDS

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

Contributions paid recognised in the Statement of Financial Performance

	2021 R	2020 R
Consolidated Retirement Fund	3,469,365	3,293,480
Municipal Workers Retirement Fund	676,303	651,539
	4,145,668	3,945,019

		2021 R	2020 R
16.	**CONSUMER DEPOSITS**		
	Electricity	1,099,888	1,007,549
	Rental Properties	88,109	88,012
	Total Consumer Deposits	**1,187,997**	**1,095,561**

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

		2021 R	2020 R
17.	**CURRENT EMPLOYEE BENEFITS**		
	Performance Bonuses	431,665	431,030
	Staff Bonuses	1,119,152	1,211,416
	Staff Leave	2,625,759	2,573,010
	Current Portion of Non-Current Provisions	1,443,000	1,116,000
	Current Portion of Post Retirement Benefits - Note 15	1,034,000	956,000
	Current Portion of Long-Service Provisions - Note 15	409,000	160,000
	Total Current Employee Benefits	**5,619,577**	**5,331,456**

The movement in current provisions are reconciled as follows:

		2021 R	2020 R
17.1	***Performance Bonuses***		
	Balance at beginning of year	431,030	381,377
	Contribution to current portion	396,854	431,665
	Expenditure incurred	(396,219)	(382,012)
	Balance at end of year	**431,665**	**431,030**

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

		2021 R	2020 R
17.2	***Staff Bonuses***		
	Balance at beginning of year	1,211,416	1,116,454
	Contribution to current portion	1,926,800	1,981,411
	Expenditure incurred	(2,019,063)	(1,886,449)
	Balance at end of year	**1,119,152**	**1,211,416**

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.

17.3 *Staff Leave*

Balance at beginning of year	2,573,010	2,065,808
Contribution to current portion	368,897	697,366
Expenditure incurred	(316,148)	(190,164)
Balance at end of year	**2,625,759**	**2,573,010**

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.

18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	11,002,593	14,394,009
Previously reported	-	14,568,014
Correction of Error 2019/2020 - Note 43.4	-	(174,005)
Advance Payments	1,025,530	1,006,780
Department of Transport	18,375,633	17,243,923
Other Payables	3,863,547	5,940,322
Previously reported	-	4,982,351
Correction of Error Prior to 1 July 2019 - Note 43.4	-	120,000
Correction of Error 2019/2020 - Note 43.4	-	837,971
Retentions	8,439,244	9,665,481
Total Trade Payables	**42,706,546**	**48,250,515**

Disclosed as:

Trade and Other Payables	24,330,914	31,006,592
Non-Current Trade and Other Payables	18,375,633	17,243,923
Total Trade Payables	**42,706,546**	**48,250,515**

Payables are being recognised net of any discounts.

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

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

All payables are unsecured.

		2021 R	2020 R
19.	**UNSPENT TRANSFERS AND SUBSIDIES**		
	Unspent Transfers and Subsidies	2,426,272	-
	National Government Grants	2,426,272	-
	Total Unspent Transfers and Subsidies	**2,426,272**	**-**

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

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

		2021 R	2020 R
20.	**TAXES**		
20.1	VAT Payable	-	-
	VAT Output in Suspense	(4,182,190)	(3,865,921)
	Less: Contribution to Provision for Doubtful Debt Impairment	3,726,330	3,292,559
	Previously Reported	-	3,754,639
	Correction of Error - Note 43.5 (Provision for Doubtful Debt Impairment VAT - Exchange transactions)	-	(462,080)
	Total VAT Payable	**(455,861)**	**(573,362)**
20.2	VAT Receivable	1,534,101	3,948,258
	VAT Input in Suspense	4,137,194	5,549,493
	Correction of Error - Note - 43.5	-	24,684
	Total VAT Receivable	**5,671,295**	**9,522,435**
20.3	**Net VAT (Payable)/Receivable**	5,215,434	8,949,073

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

		2021 R	2020 R
21.	**NET ASSET RESERVES**		
	RESERVES	2,551,323	2,551,323
	Revaluation Reserve	2,551,323	2,551,323
	Total Net Asset Reserve and Liabilities	**2,551,323**	**2,551,323**

21.1 The Revaluation Reserve is created by surplus arising from the revaluation of property, plant and equipment.

		2021 R	2020 R
22.	**PROPERTY RATES**		
	Actual		
	Rateable Land and Buildings	20,818,312	16,913,781
	Business and Commercial Property	3,178,770	2,371,026
	Public Benefit Organisations	932,246	788,187
	Residential Properties	10,278,810	8,858,028
	State-owned Properties	2,775,367	2,325,675
	Agricultural Property	3,653,120	3,071,375
	Correction of Error - Note 43.6 (Internal Charges)	-	(500,510)
	Less: **Revenue Forgone**	(5,876,351)	(4,539,117)
	Total Property Rates	**14,941,961**	**12,374,664**
	Valuations - 1 July 2020		
	Rateable Land and Buildings	4,677,823,600	4,677,823,600
	Business and Commercial Property	281,723,000	222,428,000
	Farm Properties	446,000	446,000
	Industrial Property	1,539,000	1,539,000
	Municipal Properties	37,693,000	37,693,000
	Public Benefit Organisations	9,925,000	9,925,000
	Public Service Infrastructure Properties	3,063,000	3,063,000
	Residential Properties	651,301,600	677,331,600
	State-owned Properties	179,796,000	179,796,000
	Agricultural Property	3,464,684,000	3,497,949,000
	Other Categories	47,653,000	47,653,000
	Total Assessment Rates	**4,677,823,600**	**4,677,823,600**

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate	2021	2020
Brandvlei - Land and buildings	1,1543625c/R	1,3422827c/R
Calvinia - Land and buildings	1,1543625c/R	1,3422827c/R
Loeriesfontein - Land and buildings	1,1543625c/R	1,3422827c/R
Nieuwoudtville - Land and buildings	1,1543625c/R	1,3422827c/R
Agriculture Properties	0,1052514c/R	0,0877096c/R

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

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

Residential -	The first R41 000 on the valuation is exempted.
Agriculture -	50% Discount
Government -	20% Discount

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 to the amount of R5,876,351 (2020: R4,539,118).

23. GOVERNMENT GRANTS AND SUBSIDIES

	2021 R	2020 R
Government Grants and Subsidies - Operating	34,695,031	29,391,000
Equitable Share	29,896,000	24,746,000
Expanded Public Works Programme Integrated Grant	1,704,000	1,595,000
Local Government Financial Management Grant	1,900,000	1,970,000
Libraries, Archives and Museums	1,150,000	1,080,000
Capacity Building	45,031	-
Government Grants and Subsidies - Capital	76,780,728	88,130,000
Integrated National Electrification Programme Grant	1,500,000	700,000
Municipal Infrastructure Grant	11,180,728	9,760,000
Municipal Disaster Relief Grant	-	167,000
Water Services Infrastructure Grant	33,000,000	20,000,000
Regional Bulk Infrastructure Grant	31,100,000	57,503,000
Total Government Grants and Subsidies	**111,475,759**	**117,521,000**

Included in above are the following grants and subsidies received:

Unconditional	29,896,000	24,746,000
Equitable Share	29,896,000	24,746,000
Conditional	81,579,759	92,775,000
Local Government Financial Management Grant	1,900,000	1,970,000
Municipal Infrastructure Grant	11,180,728	9,760,000
Integrated National Electrification Programme Grant	1,500,000	700,000
Municipal Disaster Relief Grant	-	167,000
Regional Bulk Infrastructure Grant	31,100,000	57,503,000
Expanded Public Works Programme	1,704,000	1,595,000
Municipal Water Infrastructure Grant	33,000,000	20,000,000
Libraries, Archives and Museums	1,150,000	1,080,000
LGSETA - Capacity Building	45,031	-
Total Government Grants and Subsidies	**111,475,759**	**117,521,000**

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

Equitable share	29,896,000	24,746,000
Executive and council	2,066,000	-
Finance and Administration	16,830,331	1,970,000
Community and social services	1,257,000	1,297,202
Sport and recreation	6,321,726	7,932,735
Road Transport	5,630,002	2,247,377
Energy Sources	2,800,000	700,000
Water Management	67,382,000	77,608,202
Waste Water Management	5,825,000	-
Waste Management	3,363,700	1,019,484
Total Government Grants and Subsidies	**111,475,759**	**117,521,000**

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

		2021 R	2020 R
23.1	**Equitable Share**		
	Opening balance	-	-
	Grants received	29,896,000	24,746,000
	Conditions met - Operating	(29,896,000)	(24,746,000)
	Conditions still to be met	-	-

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

		2021 R	2020 R
23.2	**Local Government Financial Management Grant (FMG)**		
	Opening balance	-	-
	Grants received	1,900,000	1,970,000
	Conditions met - Operating	(1,900,000)	(1,970,000)
	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).

		2021 R	2020 R
23.3	**Municipal Infrastructure Grant (MIG)**		
	Opening balance	-	-
	Grants received	13,607,000	9,760,000
	Conditions met - Capital	(11,180,728)	(9,760,000)
	Conditions still to be met	**2,426,272**	-

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

		2021 R	2020 R
23.4	**Integrated National Electrification Grant**		
	Opening balance	-	-
	Grants received	1,500,000	700,000
	Conditions met - Capital	(1,500,000)	(700,000)
	Conditions still to be met	**-**	-

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

		2021 R	2020 R
23.5	**Library Grant**		
	Opening balance	-	-
	Grants received	1,150,000	1,080,000
	Conditions met - Operating	(1,150,000)	(1,080,000)
	Conditions still to be met	-	-

The grant was used to finance library activities.

		2021 R	2020 R
23.6	**Regional Bulk Infrastructure Grant**		
	Opening balance	-	-
	Grants received	31,100,000	57,503,000
	Conditions met - Capital	(31,100,000)	(57,503,000)
	Conditions still to be met	-	-

The Regional Infrastructure Grant was utilised to upgrade infrastructure in previously disadvantaged areas.

		2021 R	2020 R
23.7	**Expanded Public Works Programme**		
	Opening balance	-	-
	Grants received	1,704,000	1,595,000
	Conditions met - Operating	(1,704,000)	(1,595,000)
	Conditions still to be met	-	-

The grant was used for job creation.

23.8	**Municipal Water Infrastructure Grant**		
	Opening balance	-	-
	Grants received	33,000,000	20,000,000
	Conditions met - Capital	(33,000,000)	(20,000,000)
	Conditions still to be met	-	-

The grant was used for drought relief projects.

23.9	**Municipal Disaster Grant**		
	Opening balance	-	-
	Grants received	-	167,000
	Conditions met - Capital	-	(167,000)
	Conditions still to be met	-	-

The grant was used for COVID-19 related projects.

23.10	**Capacity Building**		
	Opening balance	-	-
	Grants received	45,031	-
	Conditions met - Operating	(45,031)	-
	Conditions still to be met	-	-

The grant was used for various training needs for employees of the Municipality.

23.11	**Total Grants**		
	Opening balance	-	-
	Grants received	113,902,031	117,521,000
	Conditions met - Operating	(34,695,031)	(29,391,000)
	Conditions met - Capital	(76,780,728)	(88,130,000)
	Conditions still to be met/(Grant expenditure to be recovered)	**2,426,272**	-
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	2,426,272	-
	Unpaid Conditional Government Grants and Receipts	-	-
	Total	**2,426,272**	**-**

24.	**AVAILABILITY CHARGES**		
	Water	7,006,024	6,379,170
	Correction of Error - Note 43.6	-	(13,127)
	Total Availiability Charges	**7,006,024**	**6,366,042**

		2021 R	2020 R
25.	**SERVICE CHARGES**		
	Electricity	26,783,476	23,588,478
	Previously Reported	-	24,377,749
	Correction of Error - Note 43.5	-	(789,271)
	Water	1,862,808	3,554,949
	Previously Reported	-	3,978,187
	Correction of Error - Note 43.5	-	(423,238)
	Waste Management	5,433,059	5,217,480
	Waste Water Management	4,964,340	4,748,422
	Correction of Error - Note 43.5 (Internal Charges 2019/2020)	-	(163,699)
	Total Service Charges	**39,043,682**	**36,945,631**

Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission R9,637 522 (2020: R8,534,493).

		2021 R	2020 R
26.	**SALES OF GOODS AND RENDERING OF SERVICES**		
	Building Plan Approval	67,587	30,970
	Building Plan Clause Levy	61,717	51,261
	Camping Fees	266,283	62,191
	Cemetery and Burial	18,261	8,682
	Clearance Certificates	30,523	24,899
	Entrance Fees	-	21,009
	Photocopies and Faxes	2,605	6,936
	Sale of Goods	453	4,942
	Valuation Services	5,057	3,693
	Total Sales of Goods and Rendering of Services	**452,487**	**214,584**
27.	**RENTAL FROM FIXED ASSETS**		
	Investment Property	139,242	137,146
	Property, Plant and Equipment	2,407	31,572
	Total Rental from Fixed Assets	**141,649**	**168,718**
28.	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Bank	772,307	1,092,355
	Total Interest Earned - External Investments	**772,307**	**1,092,355**
29.	**INTEREST EARNED**		
	Interest Earned - Exchange Transactions	1,110,929	1,113,370
	Interest Earned - Non-Exchange Transactions	960,779	900,959
	Total Interest Earned - Outstanding Receivables	**2,071,707**	**2,014,329**
30.	**OPERATIONAL REVENUE**		
	Administrative Handling Fees	77,642	83,597
	Debt Relief - Auditor-General	1,404,454	794,224
	Unknown deposits recognised as revenue	1,144,693	-
	Total Operational Revenue	**2,626,790**	**877,822**
	Disclosed as follows:		
	Revenue from Exchange Transactions	77,642	67,597
	Previously Reported	-	861,822
	Correction of Error - Debt Relief - Non-Exchange Transaction	-	(794,224)
	Revenue from Non-Exchange Transactions	2,549,147	810,224
	Previously Reported	-	16,000
	Correction of Error - Debt Relief - Non-Exchange Transaction	-	794,224
	Total Operational Revenue	**2,626,790**	**877,822**

31. EMPLOYEE RELATED COSTS

Basic Salaries and Wages	27,946,597	27,432,677
Pension and UIF Contributions	4,684,941	4,622,581
Medical Aid Contributions	462,465	699,346
Overtime	1,542,627	1,455,898
Bonuses	2,323,654	2,413,076
Motor Vehicle Allowance	913,244	871,590
Cell Phone Allowance	134,118	145,001
Housing Allowances	217,629	334,620
Other benefits and allowances	6,516	9,957
Payments in lieu of leave	368,897	697,366
Workmen's Compensation Fund	-	21,082
Post-retirement Benefit Obligations	547,000	585,043
Total Employee Related Costs	**39,147,690**	**39,288,238**

KEY MANAGEMENT PERSONNEL

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.

	2021 R	2020 R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
Remuneration of the Municipal Manager - Mr JI Swartz		
Basic Salary	652,286	660,182
Performance Bonus	152,200	148,054
Motor Vehicle Allowance	60,000	60,000
Cell Phone Allowance	10,200	10,200
Other benefits and allowances	500,319	437,408
Total	**1,375,005**	**1,315,844**
Remuneration of the Senior Manager: Finance and Corporate Services - Mr W Jonker		
Basic Salary	489,038	497,998
Performance Bonus	114,109	109,404
Motor Vehicle Allowance	72,000	72,000
Cell Phone Allowance	10,200	10,200
Other benefits and allowances	340,826	312,901
Total	**1,026,173**	**1,002,503**
Remuneration of Senior Manager: Technical and Community Services - Mr JR van Wyk		
Basic Salary	556,755	564,580
Performance Bonus	129,910	124,554
Motor Vehicle Allowance	60,000	60,000
Cell Phone Allowance	10,200	10,200
Other benefits and allowances	419,067	390,477
Total	**1,175,932**	**1,149,811**

32. REMUNERATION OF COUNCILLORS

RN Swartz	850,464	850,466
FJ Sterkse	-	298,280
R van Wyk	190,156	-
HC Steenkamp	299,496	299,491
AJE Claasen	299,496	299,491
H De Wee	299,496	299,491
K Alexander	299,496	299,491
G Gous	299,496	299,491
JE Steenkamp	299,496	299,491
JHN Klaaste	299,496	270,164
Total Councillors' Remuneration	**3,137,092**	**3,215,857**

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	806,064	-	44,400	-	850,464
Chief Whip	-	-	-	-	-
Councillors	1,947,638	-	338,990	-	2,286,628
Total Councillors' Remuneration	**2,753,702**	**-**	**383,390**	**-**	**3,137,092**

In-kind Benefits

The Mayor is a full-time councillor. He is provided with an office and secretarial support at the cost of the Municipality.

		2021 R	2020 R
33.	**DEPRECIATION AND AMORTISATION**		
	Property, Plant and Equipment	12,971,237	11,797,998
	Intangible Assets	10,816	7,662
	Total Depreciation and Amortisation	**12,982,053**	**11,805,660**
34.	**FINANCE COSTS**		
	Long-term Borrowings	77,988	13,175
	Non-current Provisions	1,777,790	1,622,046
	Non-current Employee Benefits	1,322,000	1,372,722
	Payables	3,660	9,479
	Total Finance Costs	**3,181,437**	**3,017,422**
35.	**BULK PURCHASES**		
	Electricity	21,953,735	21,391,391
	Total Bulk Purchases	**21,953,735**	**21,391,391**

		2021 R	2020 R
36.	**TRANSFERS AND SUBSIDIES**		
	Operational	148,129	274,025
	Allocations In-kind	148,129	274,025
	Households	148,129	274,025
	Total Transfers and Subsidies	**148,129**	**274,025**
37.	**OPERATIONAL COSTS**		
	Advertising, Publicity and Marketing	51,506	68,254
	Audit Fees	3,011,327	2,954,928
	Bank Charges, Facility and Card Fees	400,238	470,941
	Commission	708,433	549,373
	Courier and Delivery Services	26,368	48,621
	Communication	482,103	364,563
	Contribution to Provisions	(906,232)	-
	Deeds	10,089	13,707
	Entertainment	812	9,028
	External Computer Service	31,086	2,118
	Insurance Underwriting	639,033	443,420
	Learnerships and Internships	667,516	461,154
	Printing, Publications and Books	205,160	498,429
	Professional Bodies, Membership and Subscription	500,000	500,000
	Remuneration to Ward Committees	248,196	261,856
	Signage	11,170	37,538
	Skills Development Fund Levy	330,731	262,491
	Travel and Subsistence	688,334	1,316,900
	Uniform and Protective Clothing	162,509	101,106
	Personnel and Labour	2,584,929	1,031,560
	Business and Advisory	3,757,273	4,962,354
	Laboratory Services	414,251	558,129
	Legal Cost and Collection	493,741	551,599
	Catering Services	48,829	38,110
	Electrical	244,845	360,712
	Maintenance of Buildings and Facilities	454,904	339,604
	Maintenance of Equipment	581,509	700,188
	Maintenance of Unspecified Assets	2,919,067	3,354,919
	Pest Control and Fumigation	8,085	8,878
	Total Operational Costs	**18,775,810**	**20,270,482**

38. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES

Receivables from Exchange Transactions - Note 10	1,938,328	2,979,007
Previously reported	-	6,205,410
Correction of Error - Note 43.2 (Internal Charges)	-	(163,699)
Correction of Error - Note 43.2 (Impairment calculation)		(3,062,704)
Receivables from Non-exchange Revenue - Note 11	2,753,322	2,164,497
Previously reported	-	5,290,073
Correction of Error - Note 43.3 (Internal Charges)	-	(513,637)
Correction of Error - Note 43.3 (Impairment calculation)	-	(2,611,940)
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	**4,691,650**	**5,143,503**

39. GAINS/(LOSS) ON SALE OF FIXED ASSETS

Property, Plant and Equipment	(549,428)	(654,141)
Total Gains/ (Loss) on Sale of Fixed Assets	**(549,428)**	**(654,141)**

40. PROFIT/(LOSS) ON FAIR VALUE ADJUSTMENTS

Investment Property carried at fair value	1,648,441	-
Total Profit/ (Loss) on Fair Value Adjustments	**1,648,441**	**-**

41. WATER LOSSES

Real Losses	133,485	142,167
Total Water Losses	133,485	142,167

42. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality aligned the items in the financial statements with the Item Segment of mSCOA. New versions of the mSCOA Chart of accounts are issued annually which requires the municipality to realign its vote structure to the updated mSCOA chart. The process of updating the municipal chart of accounts to the applicable mSCOA chart presented no reclassification of 2020 audited amounts.

43. CORRECTION OF ERROR IN TERMS OF GRAP 3

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

43.1 Property, Plant and Equipment

	2021 R	2020 R
Balance previously reported	-	378,184,171
Cost	-	455,844,869
Balance previously reported		455,482,202
Correction of Other Assets in periods prior to 1 July 2019 - Note 2	-	115,822
Operating Expenditure incorrectly capitalised as Infrastructure Assets prior to 1 July 2019 - Note 2	-	(182,037)
Correction of Infrastructure Assets in periods prior to 1 July 2019 - Note 2	-	428,881
Accumulated Depreciation and Impairment Losses	-	(76,843,848)
Balance previously reported	-	(77,298,032)
Correction of depreciation of Other Assets in periods prior to 1 July 2019 - Note 2	-	(12,207)
Correction of depreciation of Infrastructure Assets in periods prior to 1 July 2019 - Note 2	-	466,391
Restated Balance	**-**	**379,001,021**

Correction of Property, Plant and Equipment recognised incorrection in prior years and correction of recalculated depreciation.

43.2 Receivables from Exchange Transactions

Balance previously reported	-	3,377,844
Correction of Electricity debtors balances in 2019/2020 - Note 10	-	(789,271)
Correction of Water debtors balances in 2019/2020 - Note 10	-	(423,238)
Correction of Internal Charges included in Electricity Debtors balances prior to 1 July 2019 - Note 10	-	(320,650)
Correction of Internal Charges included in Refuse Debtors balances prior to 1 July 2019 - Note 10	-	(55,943)
Correction of Internal Charges included in Water Debtors balances prior to 1 July 2019 - Note 10	-	(71,905)
Correction of Internal Charges included in Waste Water Debtors balances prior to 1 July 2019 - Note 10	-	(29,120)
Correction of Internal Charges included in Other Debtors balances prior to 1 July 2019 - Note 10	-	(20,151)
Correction of Debt Impairment on Internal Charges recognised prior to 1 July 2019 - Note 10	-	497,769
Correction of Internal Charges included in Electricity Debtors balances 2019/2020 - Note 10	-	(79,740)
Correction of Internal Charges included in Refuse Debtors balances 2019/2020 - Note 10	-	(14,828)
Correction of Internal Charges included in Water Debtors balances 2019/2020 - Note 10	-	(61,775)
Correction of Internal Charges included in Waste Water Debtors balances 2019/2020 - Note 10	-	(6,384)
Correction of Internal Charges included in Other Debtors balances prior 2019/2020 - Note 10	-	(972)
Correction of Debt Impairment on Internal Charges recognised 2019/2020 - Note 10	-	163,699
Correction of Internal Exchange Charges incorrectly reversed previously - Note 10	-	197,799
Correction of Debt Impairment of Internal Exchange Charges incorrectly reversed previously - Note 10	-	(197,799)
Correction of Debt Impairment on Electricity Debtors balances in 2019/2020 - Note 10	-	1,742,843
Correction of Debt Impairment on Refuse Debtors balances in 2019/2020 - Note 10	-	480,144
Correction of Debt Impairment on Waste Water Debtors balances in 2019/2020 - Note 10	-	483,010
Correction of Debt Impairment on Water Debtors balances in 2019/2020 - Note 10	-	818,787
	-	-
Restated Balance	**-**	**5,690,119**

Correction of service charges levied in the incorrect period. Reversal of Internal Charges included in prior year balances reported. Correction of debt impairment previously recognised on these accounts.

43.3 Receivables from Non-Exchange Transactions

Balance previously reported	-	2,350,525
Correction of Rates debtors balances in 2019/2020 - Note 11	-	(334,318)
Correction of Internal Charges included in Rates balances prior to 1 July 2019 - Note 11	-	(699,568)
Correction of Internal Charges included in Water Availability Debtors balances prior to 1 July 2019 - Note 11	-	(66,943)
Correction of Debt Impairment on Internal Charges recognised prior to 1 July 2019 - Note 11	-	766,511
Correction of Internal Charges included in Rates balances 2019/2020 - Note 11	-	(500,510)
Correction of Internal Charges included in Water Availability Debtors balances 2019/2020 - Note 11	-	(13,127)
Correction of Debt Impairment on Internal Charges recognised in 2019/2020 - Note 11	-	513,637
Correction of Internal Rates Charges incorrectly reversed previously - Note 11	-	1,439,898
Correction of Debt Impairment relating to Internal Charges incorrectly reversed previously - Note 11	-	(1,439,898)
Correction of Internal Availability Charges incorrectly reversed previously - Note 11	-	62,796
Correction of Debt Impairment relating to Internal Availability Charges incorrectly reversed - Note 11	-	(62,796)
Correction of Debt Impairment on Rates Debtors balances in 2019/2020 - Note 11	-	2,611,940
Restated Balance	**-**	**4,628,147**

Correction of rates levied in the incorrect period. Reversal of Internal Charges included in prior year balances reported. Correction of debt impairment previously recognised on these accounts.

43.4 Trade and Other Payables from Exchange Transactions

Balance previously reported	-	47,466,548
Correction of incorrect allocation to Other Payables 2019/2020 - Note 18	-	816,747
Correction of incorrect allocation to Other Payables in periods prior to 1 July 2019 - Note 18	-	141,225
Correction of incorrect allocation to Trade Payables 2019/2020 - Note 18	-	(174,005)
Restated Balance	**-**	**48,250,515**

Correction of payable amounts settled during the year, which was not previously reported.

43.5 Taxes

Balance previously reported	-	9,386,469
Correction of input VAT on Bulk Purchases not claimed in 2019/2020 - Note 20	-	24,684
Correction of VAT on Debt Impairment in 2019/2020 - Note 20	-	(462,080)

Restated Balance	**-**	**8,949,073**

Correction of input VAT not claimed on Bulk purchases in 2019/2020.

43.6 Accumulated Surplus/(Deficit) - 1 July 2019

	2021 R	2020 R
Correction of Other Payables before 1 July 2019 - Note 43.4	-	(141,225)
Correction of Internal Charges included in Electricity Debtors balances prior to 1 July 2019 - Note 43.2	-	(320,650)
Correction of Internal Charges included in Refuse Debtors balances prior to 1 July 2019 - Note 43.2	-	(55,943)
Correction of Internal Charges included in Water Debtors balances prior to 1 July 2019 - Note 43.2	-	(71,905)
Correction of Internal Charges included in Waste Water Debtors balances prior to 1 July 2019 - Note 43.2	-	(29,120)
Correction of Internal Charges included in Other Debtors balances prior to 1 July 2019 - Note 43.2	-	(20,151)
Correction of Debt Impairment on Internal Charges recognised prior to 1 July 2019 - Note 43.2	-	497,769
Correction of Internal Charges included in Rates balances prior to 1 July 2019 - Note 43.3	-	(699,568)
Correction of Internal Charges included in Water Availability balances prior to 1 July 2019 - Note 43.3	-	(66,943)
Correction of Debt Impairment on Internal Charges recognised prior to 1 July 2019 - Note 43.3	-	766,511
Correction of Other Assets - Cost in periods prior to 1 July 2019 - Note 43.1	-	115,822
Correction of Other Assets - Accumulated Depreciation in periods prior to 1 July 2019 - Note 43.1	-	(12,207)
Correction of Infrastructure Assets - Cost in periods prior to 1 July 2019 - Note 43.1	-	246,844
Correction of Infrastructure Assets - Accumulated Depreciation in periods prior to 1 July 2019 - Note 43.1	-	466,391
Correction of Internal Rates Charges incorrectly reversed previously - Note 43.3	-	1,439,898
Correction of Debt Impairment of Internal Rates Charges incorrectly reversed - Note 43.3	-	(1,439,898)
Correction of Internal Availability Charges incorrectly reversed previously - Note 43.3	-	62,796
Correction of Debt Impairment relating to Internal Availability Charges incorrectly reversed - Note 43.3	-	(62,796)
Correction of Internal Exchange Charges incorrectly reversed previously - Note 43.2	-	197,799
Correction of Debt Impairment of Internal Exchange Charges incorrectly reversed previously - Note 43.2	-	(197,799)
Total	**-**	**675,626**

43.7 Changes to Statement of Financial Performance

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

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property Rates	**43.3**	13,209,491	(834,827)	12,374,664
Interest Earned - Non-Exchange Transactions		900,959	-	900,959
Government Grants and Subsidies		117,521,000	-	117,521,000
Public Contributions and Donations		197,939	-	197,939
Actuarial Gains		2,426,733	-	2,426,733
Availiability Charges	**43.3**	6,379,170	(13,127)	6,366,042
Fines. Penalties and Forfeits		33,836	-	33,836
Contributed Property, Plant and Equipment		4,495,167	-	4,495,167
Operational Revenue	**30**	16,000	794,224	810,224
Service Charges	**43.2**	38,321,840	(1,376,208)	36,945,631
Sales of Goods and Rendering of Services		214,584	-	214,584
Rental from Fixed Assets		168,718	-	168,718
Interest Earned - External Investments		1,092,355	-	1,092,355
Interest Earned - Exchange Transactions		1,113,370	-	1,113,370
Licences and Permits from Exchange Transactions		2,122	-	2,122
Agency Services		172,972	-	172,972
Operational Revenue - Exchange Transactions	**30**	861,822	(794,224)	67,597
Total		**187,128,076**	**(2,224,163)**	**184,903,913**
Expenditure				
Employee related costs		(39,288,238)	-	(39,288,238)
Remuneration of Councillors		(3,215,857)	-	(3,215,857)
Bad Debts Written Off		(2,377,937)	-	(2,377,937)
Depreciation and Amortisation		(11,805,660)	-	(11,805,660)
Finance Costs	**43.4**	(3,044,486)	27,064	(3,017,422)
Bulk Purchases	**43.5**	(21,416,075)	24,684	(21,391,391)
Inventory Consumed		(1,752,335)	-	(1,752,335)
Operating Leases		(164,332)	-	(164,332)
Transfers and Subsidies		(274,025)	-	(274,025)
Operational Costs	**43.4**	(19,600,676)	(669,806)	(20,270,482)
Total		**(102,939,620)**	**(618,058)**	**(103,557,678)**
Gains and Losses				
Reversal of Impairment Loss/(Impairment Loss) on Receivables	**43.2**	(11,495,483)	6,351,980	(5,143,503)
Gains/(Loss) on Sale of Fixed Assets		(654,141)	-	(654,141)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(4,297)	-	(4,297)
Profit/(Loss) on Fair Value Adjustments		-	-	-
Water Losses		(142,167)	-	(142,167)
Total		**(12,296,089)**	**6,351,980**	**(5,944,109)**
Net Surplus/(Deficit) for the year		**71,892,367**	**3,509,759**	**75,402,126**

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

	2021 R	2020 R
Surplus/(Deficit) for the year	71,755,572	75,402,126
Adjustments for:		
Depreciation and Amortisation	12,982,053	11,805,660
Loss/(Gain) on Sale of Fixed Assets	549,428	654,141
Impairment Loss/(Reversal of Impairment Loss)	-	4,297
Fair Value Adjustments	(1,648,441)	-
Contributed Property, Plant and Equipment	(2,900,088)	(4,495,167)
Government Grants and Subsidies received	113,902,031	117,521,000
Government Grants and Subsidies recognised as revenue	(111,475,759)	(117,521,000)
Contribution to provisions – Non-Current Provisions	871,558	1,622,046
Contribution from/to provisions - Non-Current Employee Benefits	672,495	1,029,587
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	937,505	(2,426,733)
Contribution from/to - Current Employee Benefits	(38,879)	651,817
Contribution to provisions – Bad Debt	4,691,650	6,498,176
Bad Debts written off	4,939,658	2,377,937
Operating Surplus/(Deficit) before changes in working capital	95,238,783	93,123,886
Changes in working capital	(9,450,356)	(7,851,232)
Increase/(Decrease) in Trade and Other Payables	(540,587)	(249,519)
Increase/(Decrease) in Taxes	3,733,639	4,375,658
(Increase)/Decrease in Inventory	(54,579)	125,566
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(7,764,983)	(7,634,220)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	(4,823,847)	(4,468,718)
Cash generated/(absorbed) by operations	**85,788,426**	**85,272,654**

45. CASH AND CASH EQUIVALENTS

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

	2021 R	2020 R
Current Accounts - Note 12	3,131,227	(161,196)
Call Deposits and Investments - Note 12	6,099,789	1,150,467
Cash Floats - Note 12	1,500	1,500
Total cash and cash equivalents	**9,232,516**	**990,771**

46. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

	2021 R	2020 R
Cash and Cash Equivalents - Note 45	9,232,516	990,771
Less:	(2,426,272)	-
Unspent Transfers and Subsidies - Note 19	(2,426,272)	-
Net cash resources available for internal distribution	6,806,244	990,771
Allocated to:		
Capital Replacement Reserve	-	-
Employee Benefits Reserve	-	-
Social Contribution Reserve	-	-
Non-Current Provisions Reserve	-	-
Valuation Reserve	-	-
Resources available for working capital requirements	**6,806,244**	**990,771**

47. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

	2021 R	2020 R
Long-term Liabilities - Note 13	484,916	-
Used to finance property, plant and equipment - at cost	(484,916)	-
	-	-
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.

	2021	2020
	R	R

48. BUDGET INFORMATION

48.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to the continued impact of COVID-19, reprioritising of municipal funds and virements.

Final Budget and Actual Amounts: Explanation for variances greater than 10% and in excess of R1,000,000 (1% of operating expenses).

48.2 Statement of Financial Position

48.2.1 Current Assets

Cash

VAT refunds received from SARS which was not yet spend at year end .

Consumer Debtors

Provision for debt impairment increased from prior year which means that less debtors paid their municipal accounts and due to COVID 19 debt collection rate decreased.

Other Debtors

Incorrect budgeting. The budget for the non-exchage receivable is budgted in consumer debtors. Taxes receivablde was not budgeted for.

48.2.2 Non-Current Assets

Investment Property

Accounting policy indicate valuations be done yearly therefore new valuations were done by HCB which increase the value of investment Property

Property, Plant and Equipment

Capitalisation of infrastructure asset finalised during the financial year

48.2.3 Current Liabilities

Trade and Other Payables

Counter funding portion of Hantam had to be provided for RBIG project and also inculde AG and SALGA creditors.

Provisions

Salary increases had to be taken into account as well as leave days increased of staff which was not taken.

48.2.4 Non-Current Liabilities

Trade and Other Payables

Budget less then enticipated income received

Provisions

Valuation done by Engineer reduced useful life of landfill sites

48.2.4 Net Assets

Reserves

Offsetting of depreciation on revalution reserve.

Statement of Financial Performance

48.2.5 Revenue

Service Charges - Electricity Revenue

Decrease due to current ecnomic climate and the effect of COVID19.

Service Charges - Water Revenue

Decrease due to current ecnomic climate, drought and the effect of COVID19.

Service Charges - Sanitation Revenue

Decrease due to current ecnomic climate, drought and the effect of COVID19.

Service Charges - Refuse Revenue

Decrease due to current ecnomic climate and the effect of COVID19.

Interest Earned - Outstanding Debtors

Due to current ecnomic climate and the effect of COVID19 debtors did not pay on time and interest had to be charged .

Other Revenue

Includes other revenue items on statement of financial performance - Hantam also wrote of Unallocated Deposits as well as rebate on Audit fees from Auditor General.

48.2.6 Expenditure

Employee Related Costs

When post become vacant it is not filled immediately, therefore reduction in Employee related costs

Debt Impairment

Over budget of debt impairment because of prior year results.

Depreciation and Asset Impairment

Restructuring and unbundling of infrastured assets .

Inventory Consumed

Less inventory purchased during year.

Other Expenditure

Includes contracted services that had to be reallocated to other expenditure and not disclosed as a separate line item on the statement of financial performance as instructed per the AG .

Cash Flow Statement

48.2.7 Net Cash from Operating Activities

Taxation

Due to current ecnomic climate and the effect of COVID19.

Service Charges

Due to current ecnomic climate and the effect of COVID19.

Suppliers and Employees

Due to current ecnomic climate we spend less on purchases

49. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

49.1 Unauthorised expenditure

	2021 R	2020 R
Reconciliation of unauthorised expenditure:		
Opening balance	8,767,014	11,430,376
Unauthorised expenditure current year - operational	2,011,417	5,464,381
Unauthorised expenditure current year - capital	236,660	3,302,633
Written-off by Council	(8,767,014)	(11,430,376)
Current	-	-
Prior Period	(8,767,014)	(11,430,376)
Transfer to receivables for recovery	-	-
Current	-	-
Prior Period	-	-
Unauthorised expenditure awaiting authorisation	**2,248,077**	**8,767,014**

Unauthorised expenditure can be summarised as follow:

Incident		Disciplinary steps/criminal proceedings		
Over expenditure of 2019 approved budget - Operating		*None*	-	-
Over expenditure of 2019 approved budget - Capital		*None*	-	-
Over expenditure of 2020 approved budget - Operating		*None*	2,011,417	5,464,381
Over expenditure of 2020 approved budget - Capital		*None*	236,660	3,302,633
			2,248,077	8,767,014

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

Unauthorised expenditure current year - operating	2021 Actual R	2021 Final Budget R	2021 Variance R	2021 Unauthorised R
Vote 1 - Executive and Council	15,298,520	14,974,961	323,559	323,559
Vote 2 - Budget and Treasury Office	16,683,237	15,706,750	976,487	976,487
Vote 3 - Corporate Services	9,863,618	9,152,247	711,371	711,371
Vote 4 - Community and Social Services	2,328,612	2,597,253	(268,641)	-
Vote 5 - Sport and Recreation	377,277	1,029,161	(651,884)	-
Vote 6 - Public Safety	-	704,007	(704,007)	-
Vote 7 - Planning and Development	653,736	826,288	(172,552)	-
Vote 8 - Road Transport	8,774,675	9,360,218	(585,543)	-
Vote 9 - Electricity	28,753,008	29,614,973	(861,965)	-
Vote 10 - Water	13,024,512	13,313,674	(289,162)	-
Vote 11 - Waste Water Management	5,403,307	5,693,481	(290,174)	-
Vote 12 - Solid Waste	10,821,848	12,465,840	(1,643,992)	-
Vote 13 - Other	77,714	83,900	(6,186)	-
	112,060,065	115,522,753	(3,462,688)	2,011,417

Unauthorised expenditure current year - capital	2021 Actual R	2021 Final Budget R	2021 Variance R	2021 Unauthorised R
Vote 1 - Executive and Council	236,660	-	236,660	236,660
Vote 2 - Budget and Treasury Office	798,041	821,000	(22,959)	-
Vote 3 - Corporate Services	-	-	-	-
Vote 4 - Community and Social Services	-	-	-	-
Vote 5 - Sport and Recreation	5,458,022	5,880,649	(422,627)	-
Vote 6 - Public Safety	-	-	-	-
Vote 7 - Planning and Development		-	-	-
Vote 8 - Road Transport	4,264,350	7,726,351	(3,462,001)	-
Vote 9 - Electricity	1,203,927	1,520,000	(316,073)	-
Vote 10 - Water	58,071,529	64,100,000	(6,028,471)	-
Vote 11 - Waste Water Management	2,878,427	3,040,000	(161,573)	-
Vote 12 - Solid Waste	-	-	-	-
	72,910,956	83,088,000	(10,177,044)	236,660

49.2 Fruitless and wasteful expenditure

	2021 R	2020 R
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	862,560	1,924,208
Fruitless and wasteful expenditure current year	419	-
Written-off by Council	(419)	(1,061,648)
Current	(419)	-
Prior Period	-	(1,061,648)
Transfer to receivables for recovery - not condoned	-	-
Current	-	-
Prior Period	-	-
Fruitless and wasteful expenditure awaiting condonement	**862,560**	**862,560**

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2021 R	2020 R
An amount of R775 000 paid to the previous municipal manager as a result of a settlement agreement.	*None*	775,000	775,000
An overpayment made to S.Domburg on retirement.	*None*	7,005	7,005
An overpayment made to K.Fourie on retirement.	*None*	23,555	23,555
An amount of R57 000 paid to Blaauw Leadership & Business Institute for services not delivered to the municipality.	*Currently under investigation by SAPS. MAS 52/06/2019*	57,000	57,000
		862,560	862,560

49.3 Irregular expenditure

	2021 R	2020 R
Reconciliation of irregular expenditure:		
Opening balance	22,281,470	48,590,729
Irregular expenditure current year	45,734,634	59,867,690
Expenditure authorised i.t.o. Section 32 of MFMA	-	-
Current	-	-
Prior Period	-	-
Written off by council	(58,442,854)	(86,176,949)
Current	(45,713,301)	(47,126,658)
Prior Period	(12,729,553)	(39,050,291)
Transfer to receivables for recovery - not condoned	-	-
Current	-	-
Prior Period	-	-
Irregular expenditure awaiting further action	**9,573,250**	**22,281,470**

Irregular expenditure can be summarised as follow:

Incident		Disciplinary steps/criminal proceedings	2021 R	2020 R
Non compliance with SCM Regulations		*None*	3,108,339	15,554,425
Competitive bidding process not followed.		*None*	6,464,911	6,727,045
			9,573,251	22,281,471

Recoverability of all irregular expenditure was evaluated by Council in terms of section 32 of MFMA. Council has declared all expenditure as irrecoverable.

Irregular Expenditure in the prior year was adjusted to reperesent the amount before VAT. Irregular Expenditure is disclosed exclusive of VAT.

50. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

	2021 R	2020 R
Opening balance	2,978,000	2,478,000
Council subscriptions	500,000	500,000
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**3,478,000**	**2,978,000**

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

	2021 R	2020 R
Opening balance	3,347,212	2,035,340
Current year audit fee	3,699,115	3,398,367
External Audit - Auditor-General	3,699,115	3,398,367
Amount paid - current year	(1,459,493)	(1,173,136)
Amount paid - previous year	(1,615,122)	(913,358)
Balance unpaid (included in creditors)	**3,971,712**	**3,347,212**

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

	2021 R	2020 R
Opening balance	3,948,258	3,333,807
Correction of prior period error	-	-
Restated opening balance	3,948,258	3,333,807
Amounts received - previous year	(3,948,258)	(3,333,807)
Amounts received - current year	(10,427,599)	(14,475,168)
Amount paid - current year	402,191	205,903
Amount paid - previous year	-	-
Amounts claimed - current year	11,559,509	18,217,524
Closing balance	**1,534,101**	**3,948,258**

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

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

	2021 R	2020 R
Opening balance	-	-
Current year payroll deductions	5,714,595	5,241,656
Amount paid - current year	(5,714,595)	(5,241,656)
Balance unpaid (included in creditors)	**-**	**-**

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

	2021 R	2020 R
Opening balance	-	-
Current year payroll deductions and Council Contributions	9,318,294	8,898,364
Amount paid - current year	(9,318,294)	(8,898,364)
Balance unpaid (included in creditors)	**-**	**-**

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

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

	Outstanding more than 90 days	Outstanding more than 90 days
AJE Claasen	298	298
K Alexander	1,030	618

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

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

30 June 2021

		Type of Deviation			
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	163,595	-	-	2	3
August	36,320	1	-	-	2
September	58,467	-	-	3	1
October	11,416	2	-	1	-
November	10,878	-	-	1	-
December	136,204	-	-	2	1
January	3,615	-	-	1	-
February	159,922	3	-	3	-
March	118,669	-	-	2	1
April	116,321	-	-	2	-
May	305,411	3	-	7	-
June	443,734	1	-	9	-
	1,564,550	10	-	33	8

30 June 2020

		Type of Deviation			
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	174,513	4	-	-	4
August	14,490	-	-	3	-
September	20,102	1	-	-	3
October	33,333	1	-	4	-
November	82,612	3	-	2	-
December	34,938	1	-	1	2
January	54,662	-	-	2	2
February	28,763	-	-	4	-
March	97,882	-	-	3	1
April	79,906	-	-	-	3
May	73,379	-	-	4	9
June	300,640	3	-	5	5
	995,220	13	-	28	29

Reconciliation of SCM Deviations:	2021 R	2020 R
Opening balance	505,104	104,201,352
Deviations from SCM current year	1,564,550	995,220
Approved in terms of Regulation 36(1)(a) and (b)	(1,564,550)	(104,691,469)
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting further action	**505,104**	**505,104**

50.8 Material losses

Electricity distribution losses

	2021	2020
Percentage lost during distribution	14.20%	17.10%
Distribution loss (Rand Value)	3,116,716	3,658,653

Increase in electricity losses is mainly due to electricity theft on pre-paid meters. Fines were issued for first time offenders. Rand value of the electicity losses are calculated through the Pre-paid Electricity selling price.

Water distribution losses

	2021	2020
Percentage lost during distribution	20.81%	23.70%
Distribution loss (Rand Value)	2,766,657	3,433,941

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

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

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

52. FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

	2021 R	2020 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2020: 1%) Increase in interest rates	87,461	13,616
1% (2020: 1%) Decrease in interest rates	(87,461)	(13,616)

(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. Also refer to note 8 for balances included in receivables that were re-negotiated for the period under review.

	2021 %	2021 R	2020 %	2020 R
Non-Current Receivables				
Repay Arrangements	100.00%	100,190	100.00%	10,338
Non-exchange Receivables				
Rates	65.33%	19,785,354	63.53%	15,962,635
Availability Charges	34.67%	10,498,136	36.47%	9,163,195
	100.00%	30,283,490	100.00%	25,125,830
Exchange Receivables				
Electricity	20.09%	7,560,303	18.59%	6,419,395
Water	18.17%	6,841,155	20.78%	7,174,930
Waste Management	32.07%	12,071,245	30.87%	10,657,973
Waste Water Management	19.92%	7,497,965	19.50%	6,731,996
Other	9.75%	3,670,580	10.26%	3,540,879
	100.00%	37,641,248	100.00%	34,525,173

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 10 and 11 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

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

	2021 %	2021 R	2020 %	2020 R
Non-Current Receivables				
Repay Arrangements	0.00%	-	0.00%	-
Non-exchange Receivables				
Rates	25.89%	14,421,617	42.95%	21,707,689
Availability Charges	18.35%	10,222,084	0.00%	-
Exchange Receivables				
Services	55.76%	31,064,131	57.05%	28,835,054
	100.00%	55,707,832	100.00%	50,542,743

Ageing of amounts past due but not impaired are as follow:	Exchange Receivables	Non-exchange Receivables
2021		
1 month past due	-	389,422
2+ months past due	-	3,695,977
	-	4,085,399
2020		
1 month past due	-	373,838
2+ months past due	-	1,550,444
	-	1,924,282

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

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

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

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

	2021 R	2020 R
Financial assets exposed to credit risk at year end are as follows:		
Non-Current Receivables from Exchange Transactions	100,190	10,338
Non-Current Receivables from Non-Exchange Transactions	21,102	9,835
Receivables from exchange transactions	37,641,248	34,525,173
Receivables from non-exchange transactions	31,342,373	26,335,836
Cash and Cash Equivalents	9,231,016	1,175,433
	78,335,928	62,056,614

(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	214,449	270,468	-	-
Trade and Other Payables	42,706,546	-	-	-
	44,108,992	270,468	-	-

2020	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Liabilities	-	-	-	-
Trade and Other Payables	48,250,515	-	-	-
	49,346,076	-	-	-

53. FINANCIAL INSTRUMENTS

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

53.1 Financial Assets

Financial Assets	Classification	2021 R	2020 R
Non-Current Receivables			
Receivables with repay arrangements	Financial Instruments at amortised cost	100,190	10,338
Sport Club Loans	Financial Instruments at amortised cost	21,102	9,835
Receivables from Exchange Transactions			
Electricity	Financial Instruments at amortised cost	7,560,303	6,419,395
Water	Financial Instruments at amortised cost	6,841,155	7,174,930
Waste Management	Financial Instruments at amortised cost	12,071,245	10,657,973
Waste Water Management	Financial Instruments at amortised cost	7,497,965	6,731,996
Other Arrears	Financial Instruments at amortised cost	3,670,580	3,540,879
Receivables from Non-Exchange Transactions			
Water - Availability Charges	Financial Instruments at amortised cost	10,498,136	9,163,195
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	3,131,227	24,965
Call Deposits	Financial Instruments at amortised cost	6,099,789	1,150,467
Total Financial Assets		**46,993,555**	**35,720,778**

Financial Instruments at amortised cost:			
Long-term Receivables	Receivables with repay arrangements	100,190	10,338
Long-term Receivables	Sport Club Loans	21,102	9,835
Receivables from Exchange Transactions	Electricity	7,560,303	6,419,395
Receivables from Exchange Transactions	Water	6,841,155	7,174,930
Receivables from Exchange Transactions	Waste Management	12,071,245	10,657,973
Receivables from Exchange Transactions	Waste Water Management	7,497,965	6,731,996
Receivables from Exchange Transactions	Other Arrears	3,670,580	3,540,879
Cash and Cash Equivalents	Bank Balances	3,131,227	24,965
Cash and Cash Equivalents	Call Deposits	6,099,789	1,150,467
		46,993,555	35,720,778
Total Financial Assets		**46,993,555**	**35,720,778**

53.2 Financial Liabilities

Financial Liabilities	Classification	2021 R	2020 R
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	484,916	-
Consumer Deposits			
Consumer Deposits	Financial Instruments at amortised cost	1,187,997	1,095,561

		2021 R	2020 R
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	11,002,593	14,394,009
Advance Payments	Financial Instruments at amortised cost	1,025,530	1,006,780
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	-	-
Other Payables	Financial Instruments at amortised cost	3,863,547	5,940,322
Retentions	Financial Instruments at amortised cost	8,439,244	9,665,481
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	-	186,161
		26,003,827	32,288,315

SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	484,916	-
Consumer Deposits	Consumer Deposits	1,187,997	1,095,561
Trade and Other Payables	Trade Payables	11,002,593	14,394,009
Trade and Other Payables	Advance Payments	1,025,530	1,006,780
Trade and Other Payables	Other Payables	3,863,547	5,940,322
Trade and Other Payables	Retentions	8,439,244	9,665,481
Cash and Cash Equivalents	Bank Overdraft	-	186,161
		26,003,827	**32,288,315**

54. STATUTORY RECEIVABLES

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

Taxes		
VAT Receivable	1,534,101	3,948,258
Receivables from Non-Exchange Transactions	19,785,354	15,962,635
Rates	19,785,354	15,962,635
Total Statutory Receivables (before provision)	**21,319,455**	**19,910,893**
<u>Less:</u> Provision for Debt Impairment	(14,421,617)	(12,823,429)
Total Statutory Receivables (after provision)	**6,897,838**	**7,087,464**

Statutory Receivables arises from the following legislation:

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

(Rates): Ageing

Current (0 - 30 days)	1,278,338	1,214,924
31 - 60 Days	389,422	373,838
61 - 90 Days	353,306	363,551
+ 90 Days	17,764,288	14,010,322
Total	**19,785,354**	**15,962,635**

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	12,823,429	11,672,817
Contribution to provision	1,598,188	1,150,612
Balance at end of year	**14,421,617**	**12,823,429**

Ageing of amounts past due but not impaired:

1 month past due	389,422	-
2+ months past due	3,695,977	1,550,444
	4,085,399	**1,550,444**

55. CONTINGENT LIABILITY

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:

<u>Hantam Municipality v Steenkamp & Others (Case no: JR817/20):</u>
Recission application in the Braamfontein Labour Court.
Estimated future Legal Cost of R80 000 to prepare heads of argument and argue the matter, if the Municipality is unsuccessful, back pay equal to 30 months since dismissal amounting to R746 490 plus interest.

<u>Hantam Municipality v Bonn & Others (Case no: C88/2021):</u>
Review application in the Cape Town Labour Court
Estimated future Legal Cost of R80 000 to prepare heads of argument and argue the matter, if the Municipality is unsuccessful, back pay equal to 18 months since dismissal amounting to R540 342 plus interest.

<u>Hantam Municipality v Public Protector (Case no: 633/2021):</u>
Matter is pending. Review application to set aside the Public Protector's finding in her report, no.4 of 2020/21.
Future Legal Cost is estimated as R250,000.

	2021	2020
	R	R

56. RELATED PARTIES

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

56.1 Related Party Transactions

	Rates	Service Charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
Year ended 30 June 2021						
Councillors						
JE Steenkamp	-	9,421		434	1,288	
R van Wyk	1,423	4,148	-	218	1,646	-
H De Wee	-	6,254	-	9	-533	-
J Klaaste	2,547	10,291	-	405	1,589	-
HC Steenkamp	-	-	-	-	-	-
AJE Claasen	1,698	7,947	-	476	3,867	-
G Gouws	-	-		2	300	
K Alexander	-	6,033	-	269	5,511	-
RN Swartz	2,995	6,792		45	814	-
	8,662	**50,885**	**-**	**1,858**	**14,483**	**-**
Municipal Manager and Section 57 Employees						
JI Swartz	4,862	3,013	-	403	-4,972	-
JR van Wyk	9,771	7,123		180	1,278	
	14,634	**10,136**	**-**	**584**	**-3,694**	**-**

	Rates	Service Charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
Year ended 30 June 2020						
Councillors						
JE Steenkamp					-	-
FJ Sterkse	5	927	2,348	3	3,283	-
H De Wee	-	97	-	-	97	-
J Klaaste	185	636	-	-	821	-
HC Steenkamp	-	-	-	-	-	-
AJE Claasen	492	2,420	298	136	3,346	-
K Alexander	-	5,158	618	433	6,209	-
RN Swartz	217	393	-	-	610	-
	898	**9,630**	**3,264**	**573**	**14,365**	**-**
Municipal Manager and Section 57 Employees						
JI Swartz	705	11,969	-	75	12,750	-
JR van Wyk	439	391	-	-	830	-
	1,143	**12,360**	**-**	**75**	**13,579**	**-**

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.

<u>Related party relationship</u>

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

56.2 Compensation of key management personnel

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

56.3 Remuneration of Councillors

There were no annual salary increase for remuneration of councillors at year end

56.4 Other related party transactions

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

Company Name	Related Party	Service Capacity	Relationship		
Lewis September Trading	C Barnes September	Technician: Water Service	Husband	1,900	1,900
				1,900	**1,900**

	2021 R	2020 R
57. PRINCIPAL - AGENT ARRANGEMENTS		

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

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

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

Compensation paid for agency activities

	2021 R	2020 R
Commission - Note 37	708,433	549,373
Total Compensation	**708,433**	**549,373**

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

57.2 Agent in arrangement

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

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

Compensation received for agency activities

	2021 R	2020 R
Agency Fees	176,004	172,972
Total Compensation received	**176,004**	**172,972**

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

Reconciliation of Agency Funds and Disbursements

Principal name	Total Agency funds received	Amount remitted to the principal	Variance between amounts received and amounts remitted	Explanation of Variance
Provincial Department of Transport	176,004	176,004	-	None
	176,004	**176,004**	**-**	

58. FINANCIAL SUSTAINABILITY

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

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

Financial Indicators

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

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

The municipality is experience difficultly to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceeds the current assets with R5 893 112 (2020 Restated: R17 111 289).

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 a National State of Disaster in terms of section 27(5)(c) of the Disaster Management Act, 2002 (Act No. 57 of 2002) followed by a subsequent nationwide lockdown. The National State of Disaster has been extended on numerous occasions and is presently ongoing (currently extended to 15 Septmber 2021), as are sporadic lockdown restrictions implemented as and when infection rates increase beyond controlable measures.

COVID-19 - Impact on Municipality

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As a results of the robust financial model applied by the municipality however, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so.

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

Current Assets: Hantam municipality's collection rate decreased .

Service Charges and Rates: During the lock down period the municipality opened all households water even the debtors that defaulted on their accounts.

Grants Received: The municipality received special allocations in order to assist communities in need to the value of R3 525 000 from National Treasury.

Expenses: Reprioritising of expenses for Equitable share in the 2021-2022 financial year

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 R	2020 R
Protective clothing	Operational costs	Caprichem Saccs (Pty) Ltd	-	32,659
Protective clothing and materials	Operational costs	Caprichem Saccs (Pty) Ltd	37,541	-
Protective clothing	Operational costs	Blue Petroleum (Pty) Ltd	5,000	49,703
Protective clothing and materials	Operational costs	Blue Petroleum (Pty) Ltd	1,996	-
Protective clothing and materials	Operational costs	KLK Landbou Ltd	1,981	1,233
Wood	Operational costs	Dawid Johannes Rossow	-	400
Protective clothing	Operational costs	Sulizest (Pty) Ltd	-	18,446
Protective clothing	Operational costs	Basson Workwear	-	8,818
Protective clothing and materials	Operational costs	Waltons Stationery	19,344	45,363
Protective clothing and materials	Operational costs	KLK Kooperasie beperk	15,857	26,740
Protective clothing and materials	Operational costs	Introstat (Pty) Ltd	1,635	-
Protective clothing	Operational costs	Safety Protective Clothing	-	1,955
Protective clothing	Operational costs	Sonetties	6,680	7,400
Protective clothing	Operational costs	Feffs Construction BK	3,000	-
Protective clothing	Operational costs	Azeema Moonisa Cassim	2,275	-
Protective clothing	Operational costs	Bokveld Providers (Pty) Ltd	1,300	-
Protective clothing	Operational costs	Elzamien Eldoret Alicia Leukes	800	2,000
Supplies	Operational costs	OK Grocer Franchise Divison	160	2,117
Supplies	Operational costs	Kaap Agri Bedryf Limited	-	288
Protective clothing	Operational costs	F F Matthys T/A Filda Knit and Sew Enterprise	1,500	1,250
Protective clothing	Operational costs	Fire stuff 365 T/A Fire 24/7	-	5,450
Repairs	Operational costs	Diesel en Daisies (Pty) Ltd	-	4,213
Repairs	Operational costs	Vredendal Build IT	11,530	-
Protective clothing	Operational costs	E A Nel T/A Jannel's	-	5,789
Wood	Operational costs	Jacobus Johannes Mathys	-	500
Sanitation	Property, plant and equipment	Enjayh Properties	174,015	137,728
Sanitation	Property, plant and equipment	JVZ Construction	1,324,181	-
Sanitation	Property, plant and equipment	UDS Africa	1,543,416	-
Sanitation	Property, plant and equipment	Honesta	64,840	-
Sanitation	Property, plant and equipment	IMVUSA Trading 1188	133,594	-
Overtime	Employee related costs	Hantam Municipality	-	361,828
Danager pay	Employee related costs	Hantam Municipality	395,411	718,341
			3,746,056	**1,432,221**

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

	2021 R	2020 R
Own Revenue	221,056	1,265,221
Grant Funding	3,525,000	167,000
	3,746,056	**1,432,221**

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

59. EVENTS AFTER REPORTING PERIOD

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

60. 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
HANTAM MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2021

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2020	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2021
LEASE LIABILITY								
Printer Nashua IMC4500	14.90%	Various	2023	-	-	96,059	(24,969)	71,090
Printer Nashua IM430F	14.90%	Various	2023	-	-	21,829	(5,674)	16,155
Printer Nashua IM430F	14.90%	Various	2023	-	-	21,829	(5,674)	16,155
Printer Nashua IM430F	14.90%	Various	2023	-	-	21,829	(5,674)	16,155
Printer Nashua IM430F	14.90%	Various	2023	-	-	21,829	(5,674)	16,155
Printer Nashua IM430F	14.90%	Various	2023	-	-	21,829	(5,674)	16,155
Printer Nashua IM430F	14.90%	Various	2023	-	-	21,829	(5,674)	16,155
Printer Nashua IM430F	7.00%	Various	2023	-	-	19,573	(5,552)	14,021
Printer Nashua IM2702	14.90%	Various	2023	-	-	24,995	(6,497)	18,498
Printer Nashua IM550F	14.90%	Various	2023	-	-	40,067	(10,415)	29,652
Printer Nashua IMC2000	14.90%	Various	2023	-	-	54,912	(14,274)	40,639
Printer Nashua IMC2000	14.90%	Various	2023	-	-	54,912	(14,274)	40,639
Printer Nashua IMC2000	14.90%	Various	2023	-	-	54,912	(14,274)	40,639
Printer Nashua IMC2000	14.90%	Various	2023	-	-	54,912	(14,274)	40,639
Printer Nashua MP4055SP	14.90%	Various	2023	-	-	124,545	(32,374)	92,171
Total Lease Liabilities				-	-	655,863	(170,947)	484,916
TOTAL EXTERNAL LOANS				-	-	655,863	(170,947)	484,916

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

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
			Governance and Administration			
4,492,733	(13,190,691)	(8,697,958)	Executive and council	2,275,472	(13,547,221)	(11,271,750)
33,038,671	(16,545,847)	16,492,824	Finance and administration	38,409,260	(25,304,006)	13,105,254
-	(2,079,779)	(2,079,779)	Internal audit	-	(1,751,299)	(1,751,299)
			Community and Public Safety			
1,316,841	(2,985,883)	(1,669,042)	Community and social services	1,279,036	(2,328,612)	(1,049,576)
11,686,066	(1,239,561)	10,446,505	Sport and recreation	6,324,133	(359,282)	5,964,851
-	-	-	Public safety	-	-	-
-	-	-	Housing	-	-	-
-	-	-	Health	-	-	-
			Economic and Environmental Services			
-	(1,743,740)	(1,743,740)	Planning and development	-	(1,896,585)	(1,896,585)
2,450,325	(8,277,261)	(5,826,936)	Road transport	5,830,031	(8,774,675)	(2,944,645)
62,191	(8,051)	54,141	Environmental protection	266,283	(17,995)	248,288
			Trading Services			
26,938,481	(32,210,469)	(5,271,988)	Energy sources	30,694,404	(28,753,008)	1,941,396
91,002,159	(14,806,358)	76,195,802	Water management	76,250,832	(13,024,512)	63,226,320
7,083,944	(6,030,165)	1,053,778	Waste water management	13,689,427	(5,403,307)	8,286,121
9,056,665	(12,560,762)	(3,504,098)	Waste management	8,796,759	(10,821,848)	(2,025,090)
-	(47,383)	(47,383)	**Other**	-	(77,714)	(77,714)
187,128,076	(111,725,950)	75,402,126	Sub Total	183,815,637	(112,060,065)	71,755,572
-	-	-	Less Inter-Departmental Charges	-	-	-
187,128,076	(111,725,950)	75,402,126	**Total**	183,815,637	(112,060,065)	71,755,572

APPENDIX C
HANTAM 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
			Executive and Council			
-	(3,437,289)	(3,437,289)	Municipal Manager	-	(3,219,628)	(3,219,628)
4,492,733	(11,833,180)	(7,340,447)	Mayor and Council	2,275,472	(12,078,892)	(9,803,421)
			Budget and Treasury Office			
16,278,389	(9,198,894)	7,079,495	Finance General	19,268,689	(12,201,132)	7,067,557
139,267	(2,921,995)	(2,782,728)	Accountant Revenue	1,790,953	(3,686,141)	(1,895,188)
-	-	-	Accountant Expenditure	-	-	-
-	(718,990)	(718,990)	Supply Chain Management	-	(795,964)	(795,964)
			Corporate Services			
16,621,016	(3,634,736)	12,986,279	Administration	17,349,618	(8,617,946)	8,731,673
-	(71,232)	(71,232)	Human Resources	-	(2,823)	(2,823)
-	(1,151,688)	(1,151,688)	Property Services	-	(1,242,849)	(1,242,849)
			Community and Social Services			
58,884	(648,941)	(590,057)	Cemeteries	125,261	(161,880)	(36,618)
1,090,957	(1,998,653)	(907,696)	Libraries	1,153,775	(2,019,747)	(865,972)
-	-	-	Sport and Recreation	-	-	-
-	-	-	Public Safety	-	-	-
-	-	-	Housing	-	-	-
-	-	-	Health	-	-	-
167,000	(338,289)	(171,289)	Disaster Mangement	-	(146,986)	(146,986)
			Sport and Recreation			
-	(8,051)	(8,051)	Nature Reserves	-	(17,995)	(17,995)
11,665,057	(1,222,393)	10,442,665	Sport Ground	6,324,133	(345,540)	5,978,593
21,009	(17,168)	3,840	Swimming Pool	-	(13,742)	(13,742)
-	-	-	Caravan Park	-	-	-
			Public Safety			
-	-	-	Civil Defence	-	-	-
			Planning and Development			
-	(592,053)	(592,053)	IDP Department	-	(653,736)	(653,736)
			Road Transport			
2,247,377	(6,512,407)	(4,265,030)	Roads	5,630,002	(7,169,172)	(1,539,169)
202,947	(1,764,853)	(1,561,906)	Traffic Services	200,029	(1,605,504)	(1,405,475)
			Electricity			
26,938,481	(32,210,469)	(5,271,988)	Electricity Distribution	30,694,404	(28,753,008)	1,941,396
			Water			
91,002,159	(14,806,358)	76,195,802	Water Distribution	76,250,832	(13,024,512)	63,226,320
			Waste Water Management			
7,083,944	(6,030,165)	1,053,778	Waste Water Management	13,689,427	(5,403,307)	8,286,121
			Solid Waste			
9,056,665	(12,560,762)	(3,504,098)	Waste Removal	8,796,759	(10,821,848)	(2,025,090)
			Other			
-	(47,383)	(47,383)	Aerodrome	-	(77,714)	(77,714)
-	-	-	Vehicle Account	-	-	-
			Environmental Health			
62,191	-	62,191	Environmental Health	266,283	-	266,283
182,635,343	(96,455,481)	75,402,126	Sub Total	183,815,637	(112,060,065)	71,755,572
-	-	-	Less Inter-Departmental Charges	-	-	-
182,635,343	(96,455,481)	75,402,126	**Total**	183,815,637	(112,060,065)	71,755,572

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

Grant Description	Balance 30 June 2020	Correction of Error	Restated Balance 30 June 2020	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2021	Unspent 30 June 2021 (Creditor)	Unpaid 30 June 2021 (Debtor)
National Government Grants											
Equitable Share	-	-	-	29,896,000	-	-	(29,896,000)	-	-	-	-
Local Government Financial Management Grant	-	-	-	1,900,000	-	-	(1,900,000)	-	-	-	-
Municipal Infrastructure Grant	-	-	-	13,607,000	-	-	-	(11,180,728)	2,426,272	2,426,272	-
Integrated National Electrification Programme Grant	-	-	-	1,500,000	-	-	-	(1,500,000)	-	-	-
Regional Bulk Infrastructure Grant	-	-	-	31,100,000	-	-	-	(31,100,000)	-	-	-
Expanded Public Works Programme	-	-	-	1,704,000	-	-	(1,704,000)	-	-	-	-
Municipal Water Infrastructure Grant	-	-	-	33,000,000	-	-	-	(33,000,000)	-	-	-
Total National Government Grants	**-**	**-**	**-**	**112,707,000**	**-**	**-**	**(33,500,000)**	**(76,780,728)**	**2,426,272**	**2,426,272**	**-**
Provincial Government Grants											
Libraries, Archives and Museums	-	-	-	1,150,000	-	-	(1,150,000)	-	-	-	-
Capacity Bulding	-	-	-	45,031	-	-	(45,031)	-	-	-	-
Total Provincial Government Grants	**-**	**-**	**-**	**1,195,031**	**-**	**-**	**(1,195,031)**	**-**	**-**	**-**	**-**
Total Grants	-	-	-	113,902,031	-	-	(34,695,031)	(76,780,728)	2,426,272	2,426,272	-

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

HANTAM MUNICIPALITY - Reconciliation of Table A1 Budget Summary

Description	2020/21								2019/20			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	15,967	–	15,967	14,942		1,025	93.6%	93.6%				13,209
Service charges	58,267	(5,466)	52,801	39,044		13,758	73.9%	67.0%				36,157
Investment revenue	–	–	–	594		(594)	0.0%	0.0%				383
Transfers recognised - operational	3	0	3	176		(173)	5866.8%	6769.4%				173
Other own revenue	33,000	(1,198)	31,802	47,731		(15,928)	150.1%	144.6%				46,910
Total Revenue (excluding capital transfers and contributions)	**–**	**–**	**–**	**–**		**–**	**0.0%**	**0.0%**				**–**
Employee costs	41,914	(1,842)	40,072	39,148	–	924	97.7%	93.4%	–	–	–	–
Remuneration of councillors	3,356	–	3,356	3,137	–	219	93.5%	93.5%	–	–	–	39,288
Debt Impairment	9,512	–	9,512	4,940	–	4,572	51.9%	51.9%	–	–	–	3,216
Depreciation & asset impairment	9,144	–	9,144	12,982	–	(3,839)	142.0%	142.0%	–	–	–	3,216
Finance charges	2,241	–	2,241	3,181	–	(940)	142.0%	142.0%	–	–	–	2,378
Materials and bulk purchases	31,472	(3,247)	28,225	23,039	–	5,187	81.6%	73.2%	–	–	–	11,806
Transfers and grants	12,101	1,020	13,121	–	–	13,121	0.0%	0.0%	–	–	–	24,461
Other expenditure	11,455	(1,678)	9,777	23,985	–	(14,208)			–	–	–	–
Total Expenditure	**121,195**	**(5,747)**	**115,448**	**110,412**	**–**	**5,037**	**95.6%**	**91.1%**	**–**	**–**	**–**	**34,087**
Surplus/(Deficit)	**–**	**–**	**–**	**–**		**–**	**0.0%**	**0.0%**				**–**
Transfers recognised - capital	–	–	–	–		–	0.0%	0.0%				–
Contributions recognised - capital & contributed assets	51,963	–	88,130	76,781		11,349	87.1%	147.8%				88,130
Surplus/(Deficit) after capital transfers & contributions	**–**	**–**	**–**	**–**		**–**	**-**	**-**				**–**
Share of surplus/ (deficit) of associate	–	–	–	–		–	0.0%	0.0%				–
Surplus/(Deficit) for the year	**–**	**–**	**–**	**–**		**–**	**-**	**-**				**–**
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital												
Public contributions & donations	51,963	36,000	87,963	68,998		18,965	78.4%	132.8%				90,935
Borrowing	–	–	–	–		–	0.0%	0.0%				–
Internally generated funds	–	–	–	–		–	0.0%	0.0%				–
Total sources of capital funds	**3,473**	**(1,412)**	**2,061**	**3,115**		**(1,054)**	**151.1%**	**89.7%**				**1,834**
Cash flows												
Net cash from (used) operating												
Net cash from (used) investing	62,367	26,089	88,456	85,788		2,668	97.0%	137.6%				93,751
Net cash from (used) financing	(67,207)	(21,740)	(88,947)	(77,447)		(11,500)	87.1%	115.2%				(90,099)
Cash/cash equivalents at the year end	**(3,166)**	**(104)**	**(104)**	**(79)**		**(26)**	**75.2%**	**2.5%**				**991**

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

Description	2020/21								2019/20			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<u>**Revenue - Standard**</u>												
Governance and administration	**38,765**	**(2,416)**	**36,349**	**40,685**		**(4,336)**	**0.0%**	**0.0%**				**37,531**
Executive and council	2,066	–	2,066	2,275		(209)	0.0%	0.0%				4,493
Finance and administration	36,699	(2,416)	34,283	38,409		(4,126)	0.0%	0.0%				33,039
Internal audit	–	–	–	–		–	0.0%	0.0%				–
Community and public safety	**1,487**	**0**	**1,487**	**7,603**		(6,116)	**0.0%**	**0.0%**				**13,003**
Community and social services	1,167	0	1,167	1,279		(112)	0.0%	0.0%				1,317
Sport and recreation	320	–	320	6,324		(6,004)	0.0%	0.0%				11,686
Public safety	–	–	–	–		–	0.0%	0.0%				–
Housing	–	–	–	–		–	0.0%	0.0%				–
Health	–	–	–	–		–	0.0%	0.0%				–
Economic and environmental services	**10,565**	**(230)**	**10,335**	**6,096**		4,239	**0.0%**	**0.0%**				**2,513**
Planning and development	–	–	–	–		–	0.0%	0.0%				–
Road transport	10,565	(230)	10,335	5,830		4,505	0.0%	0.0%				2,450
Environmental protection	–	–	–	266		(266)	0.0%	0.0%				62
Trading services	**110,993**	**30,697**	**141,691**	**129,431**		12,259	**0.0%**	**0.0%**				**134,081**
Electricity	33,899	(5,259)	28,640	30,694		(2,054)	0.0%	0.0%				26,938
Water	56,809	36,169	92,977	76,251		16,726	0.0%	0.0%				91,002
Waste water management	8,728	(209)	8,520	13,689		(5,170)	0.0%	0.0%				7,084
Waste management	11,557	(4)	11,553	8,797		2,757	0.0%	0.0%				9,057
Other	**–**	–	**–**	**–**		–	**0.0%**	**0.0%**				**–**
Total Revenue - Standard	**161,811**	**28,051**	**189,862**	**183,816**		**6,046**	**0.0%**	**0.0%**				**187,128**

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

Description	2020/21								2019/20			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Expenditure - Standard												
Governance and administration	**38,067**	**(148)**	**37,918**	**40,603**	**–**	**(2,684)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**37,491**
Executive and council	12,763	(176)	12,587	13,547	–	(960)	0.0%	0.0%	–	–	–	13,191
Finance and administration	23,299	28	23,327	25,304	–	(1,977)	0.0%	0.0%	–	–	–	22,220
Internal audit	2,005	–	2,005	1,751	–	254	0.0%	0.0%	–	–	–	2,080
Community and public safety	**6,947**	**(1,279)**	**5,668**	**2,688**	**–**	**2,980**	**0.0%**	**0.0%**	**–**	**–**	**–**	**4,225**
Community and social services	2,493	371	2,864	2,329	–	536	0.0%	0.0%	–	–	–	2,986
Sport and recreation	1,623	(612)	1,011	359	–	652	0.0%	0.0%	–	–	–	1,240
Public safety	2,831	(1,038)	1,793	–	–	1,793	0.0%	0.0%	–	–	–	–
Housing	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Health	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Economic and environmental services	**6,784**	**1,005**	**7,789**	**10,689**	**–**	**(2,901)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**10,029**
Planning and development	2,029	(35)	1,994	1,897	–	97	0.0%	0.0%	–	–	–	1,744
Road transport	4,685	1,060	5,746	8,775	–	(3,029)	0.0%	0.0%	–	–	–	8,277
Environmental protection	69	(20)	49	18	–	31	0.0%	0.0%	–	–	–	8
Trading services	**69,277**	**(5,325)**	**63,952**	**58,003**	**–**	**5,950**	**0.0%**	**0.0%**	**–**	**–**	**–**	**65,608**
Electricity	37,108	(3,938)	33,170	28,753	–	4,417	0.0%	0.0%	–	–	–	32,210
Water	13,426	(1,129)	12,297	13,025	–	(728)	0.0%	0.0%	–	–	–	14,806
Waste water management	6,899	(1,487)	5,413	5,403	–	9	0.0%	0.0%	–	–	–	6,030
Waste management	11,844	1,229	13,074	10,822	–	2,252	0.0%	0.0%	–	–	–	12,561
Other	**120**	1	**120**	**78**	**–**	43	**0.0%**	**0.0%**	**–**	**–**	**–**	**47**
Total Expenditure - Standard	**121,195**	**(5,747)**	**115,448**	**112,060**	**–**	**3,388**	**0.0%**	**0.0%**	**–**	**–**	**–**	**117,401**
Surplus/(Deficit) for the year	**40,615**	**33,798**	**74,414**	**71,756**	**–**	**2,658**	**0.0%**	**0.0%**	**–**	**–**	**–**	**69,727**

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

Vote Description R thousand	2020/21 Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	2019/20 Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Executive and Council	2,066	–	2,066	2,275		–	0.0%	0.0%				4,493
Vote 2 - Budget and Treasury Office	19,036	(1,099)	17,937	21,060		–	0.0%	0.0%				16,418
Vote 3 - Corporate Services	17,579	(1,268)	16,312	17,350		–	0.0%	0.0%				16,621
Vote 4 - Community and Social Services	1,167	0	1,167	1,279		–	0.0%	0.0%				1,317
Vote 5 - Sport and Recreation	320	–	320	6,324		–	0.0%	0.0%				11,686
Vote 6 - Public Safety	–	–	–	–		–	0.0%	0.0%				–
Vote 7 - Planning and Development	–	–	–	–		–	0.0%	0.0%				–
Vote 8 - Road Transport	10,565	(230)	10,335	5,830		–	0.0%	0.0%				2,450
Vote 9 - Electricity	33,899	(5,259)	28,640	30,694		–	0.0%	0.0%				26,938
Vote 10 - Water	56,809	36,169	92,977	76,251		–	0.0%	0.0%				91,002
Vote 11 - Waste Water Management	8,728	(209)	8,520	13,689		–	0.0%	0.0%				7,084
Vote 12 - Solid Waste	11,557	(4)	11,553	8,797		–	0.0%	0.0%				9,057
Vote 13 - Other	–	–	–	–		–	0.0%	0.0%				–
Vote 14 - Environmental Health	84	(49)	35	266		–	0.0%	0.0%				62
Total Revenue by Vote	**161,811**	**28,051**	**189,862**	**183,816**		**–**	**0.0%**	**0.0%**				**187,128**
Expenditure by Vote ***to be appropriated***												
Vote 1 - Executive and Council	13,666	(492)	13,174	15,299	–	–	0.0%	0.0%	–	–	–	15,270
Vote 2 - Budget and Treasury Office	14,704	1,828	16,533	16,683	–	–	0.0%	0.0%	–	–	–	18,515
Vote 3 - Corporate Services	10,927	(1,506)	9,421	9,864	–	–	0.0%	0.0%	–	–	–	4,858
Vote 4 - Community and Social Services	2,372	167	2,539	2,329	–	–	0.0%	0.0%	–	–	–	2,986
Vote 5 - Sport and Recreation	1,693	(632)	1,061	377	–	–	0.0%	0.0%	–	–	–	1,248
Vote 6 - Public Safety	122	204	325	–	–	–	0.0%	0.0%	–	–	–	–
Vote 7 - Planning and Development	798	(15)	784	654	–	–	0.0%	0.0%	–	–	–	592
Vote 8 - Road Transport	7,516	22	7,538	8,775	–	–	0.0%	0.0%	–	–	–	8,277
Vote 9 - Electricity	37,108	(3,938)	33,170	28,753	–	–	0.0%	0.0%	–	–	–	32,210
Vote 10 - Water	13,426	(1,129)	12,297	13,025	–	–	0.0%	0.0%	–	–	–	14,806
Vote 11 - Waste Water Management	5,672	(259)	5,413	5,403	–	–	0.0%	0.0%	–	–	–	6,030
Vote 12 - Solid Waste	11,844	1,229	13,074	10,822	–	–	0.0%	0.0%	–	–	–	12,561
Vote 13 - Other	1,347	(1,227)	120	78	–	–	0.0%	0.0%	–	–	–	47
Vote 14 - Environmental Health	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Total Expenditure by Vote	**121,195**	**(5,747)**	**115,448**	**112,060**	**–**	**–**	**0.0%**	**0.0%**	**–**	**–**	**–**	**117,401**
Surplus/(Deficit) for the year	**40,615**	**33,798**	**74,414**	**71,756**		**–**	**0.0%**	**0.0%**				**69,727**

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

Description R thousand	2020/21								2019/20			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	15,967	–	15,967	14,942		**1,025**	93.6%	**93.6%**				13,209
Service charges - electricity revenue	31,209	(5,259)	25,949	26,783		**(834)**	103.2%	**85.8%**				22,213
Service charges - water revenue	12,169	169	12,338	1,863		**10,475**	15.1%	**15.3%**				3,978
Service charges - sanitation revenue	7,187	(376)	6,812	4,964		**1,847**	72.9%	**69.1%**				4,748
Service charges - refuse revenue	7,702	–	7,702	5,433		**2,269**	70.5%	**70.5%**				5,217
Rental of facilities and equipment	–	–	–	594		**(594)**	#DIV/0!	**#DIV/0!**				383
Interest earned - external investments	1,103	(968)	135	772		**(637)**	572.1%	**70.0%**				1,092
Interest earned - outstanding debtors	–	–	–	2,072		**(2,072)**	#DIV/0!	**#DIV/0!**				2,014
Dividends received	1,993	–	1,993	–		**1,993**	0.0%	**0.0%**				–
Fines, penalties and forfeits	–	–	–	25		**(25)**	#DIV/0!	**#DIV/0!**				34
Licences and permits	13	20	33	3		**30**	9.9%	**25.2%**				2
Agency services	3	0	3	176		**(173)**	5866.8%	**6769.4%**				173
Transfers and subsidies	500	(250)	250	34,695		**(34,445)**	13878.0%	**6939.0%**				29,391
Other revenue	29,391	–	29,391	10,164		**19,227**	34.6%	**34.6%**				14,377
Gains on disposal of PPE	2,611	(1,452)	1,159	–		**1,159**	0.0%	**0.0%**				–
Total Revenue (excluding capital transfers and contributions)	**109,848**	**(8,116)**	**101,732**	**102,486.380**		**(755)**	**100.7%**	**93.3%**				**96,833**
Expenditure By Type			–				-	-				
Employee related costs	41,914	(1,842)	40,072	39,148	–	924	97.7%	93.4%	–	–	–	39,288
Remuneration of councillors	3,356	–	3,356	3,137	–	219	93.5%	93.5%	–	–	–	3,216
Debt impairment	9,512	–	9,512	4,940	–	4,572	51.9%	51.9%	–	–	–	2,378
Depreciation & asset impairment	9,144	–	9,144	12,982	–	(3,839)	142.0%	142.0%	–	–	–	11,806
Finance charges	2,241	–	2,241	3,181	–	(940)	142.0%	142.0%	–	–	–	3,044
Bulk purchases	29,024	(3,434)	25,590	21,954	–	3,636	85.8%	75.6%	–	–	–	21,416
Inventoy Consumed	2,448	187	2,635	1,085	–	1,551	41.2%	44.3%	–	–	–	1,752
Contracted services	12,101	1,020	13,121	–	–	13,121	0.0%	0.0%	–	–	–	–
Transfers and grants	60	–	60	148	–	(88)	246.9%	246.9%	–	–	–	274
Other expenditure	11,395	(1,678)	9,717	23,837	–	(14,120)	245.3%	209.2%	–	–	–	32,061
Loss on disposal of PPE	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Total Expenditure	**121,195**	**(5,747)**	**115,448**	**110,411.624**	**–**	**5,037**	**95.6%**	**91.1%**	**–**	**–**	**–**	**115,236**

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

Description	2020/21								2019/20			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Surplus/(Deficit)	**(11,348)**	**(2,369)**	**(13,716)**	**(7,925)**		**–**	**0.0%**	**0.0%**				**(18,403)**
Transfers recognised - capital	51,963	36,167	88,130	76,781		–	0.0%	0.0%				88,130
Contributions recognised - capital	–	–	–	–		–	0.0%	0.0%				–
Contributed assets	–	–	–	2,900		–	0.0%	0.0%				–
Surplus/(Deficit) after capital transfers & contributions	**40,615**	**33,798**	**74,414**	**71,756**		**–**	**0.0%**	**0.0%**				**69,727**
Taxation	–	–	–	–		–	0.0%	0.0%				–
Surplus/(Deficit) after taxation	**40,615**	**33,798**	**74,414**	**71,756**		**–**	**0.0%**	**0.0%**				**69,727**
Attributable to minorities	–	–	–	–		–	0.0%	0.0%				–
Surplus/(Deficit) attributable to municipality	**40,615**	**33,798**	**74,414**	**71,756**		**–**	**0.0%**	**0.0%**				**69,727**
Share of surplus/ (deficit) of associate	–	–	–	–		–	0.0%	0.0%				–
Surplus/(Deficit) for the year	**40,615**	**33,798**	**74,414**	**71,756**		**–**	**0.0%**	**0.0%**				**69,727**

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

Vote Description R thousand	2020/21								2019/20			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<u>Capital expenditure - Vote</u>												
<u>Multi-year expenditure</u>												
Vote 1 - Executive and Council	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 2 - Budget and Treasury Office	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 3 - Corporate Services	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 4 - Community and Social Services	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 5 - Sport and Recreation	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 6 - Public Safety	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 7 - Planning and Development	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 8 - Road Transport	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 9 - Electricity	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 10 - Water	41,503	36,000	77,503	58,072		–	0%	0%	–	–	–	77,682
Vote 11 - Waste Water Management	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 12 - Solid Waste	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 13 - Other	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 14 - Environmental Health	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital multi-year expenditure	**41,503**	**36,000**	**77,503**	**58,072**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**77,682**
<u>Single-year expenditure</u>												
Vote 1 - Executive and Council	600	(20)	580	237		–	0%	0%	–	–	–	580
Vote 2 - Budget and Treasury Office	80	(80)	–	–	–	–	0%	0%	–	–	–	–
Vote 3 - Corporate Services	886	(336)	550	–		–	0%	0%	–	–	–	452
Vote 4 - Community and Social Services	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 5 - Sport and Recreation	8,460	(627)	7,833	5,458		–	0%	0%	–	–	–	10,774
Vote 6 - Public Safety	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 7 - Planning and Development	7	(7)	–	–	–	–	0%	0%	–	–	–	–
Vote 8 - Road Transport	1,900	27	1,927	4,264		–	0%	0%	–	–	–	1,597
Vote 9 - Electricity	700	–	700	1,204		–	0%	0%	–	–	–	881
Vote 10 - Water	100	(100)	–	–	–	–	0%	0%	–	–	–	–
Vote 11 - Waste Water Management	–	167	167	2,878		–	0%	0%	–	–	–	138
Vote 12 - Solid Waste	1,200	(436)	764	–		–	0%	0%	–	–	–	664
Vote 13 - Other	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 14 - Environmental Health	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital single-year expenditure	13,933	(1,412)	12,521	14,041	–	–	0%	0%	–	–	–	15,087
Total Capital Expenditure - Vote	**55,436**	**34,588**	**90,024**	**72,113**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**92,769**

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

Vote Description R thousand	2020/21								2019/20			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
Governance and administration	**1,566**	**(436)**	**1,130**	**237**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**1,032**
Executive and council	600	(20)	580	237	–	–	0%	0%	–	–	–	580
Finance and administration	966	(416)	550	–	–	–	0%	0%	–	–	–	452
Internal audit	–	–	–	–	–	–	0%	0%	–	–	–	–
Community and public safety	**8,460**	**(627)**	**7,833**	**5,458**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**10,774**
Community and social services	–	–	–	–	–	–	0%	0%	–	–	–	–
Sport and recreation	8,460	(627)	7,833	5,458	–	–	0%	0%	–	–	–	10,774
Public safety	–	–	–	–	–	–	0%	0%	–	–	–	–
Housing	–	–	–	–	–	–	0%	0%	–	–	–	–
Health	–	–	–	–	–	–	0%	0%	–	–	–	–
Economic and environmental services	**1,907**	**20**	**1,927**	**4,264**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**1,597**
Planning and development	7	(7)	–	–	–	–	0%	0%	–	–	–	–
Road transport	1,900	27	1,927	4,264	–	–	0%	0%	–	–	–	1,597
Environmental protection	–	–	–	–	–	–	0%	0%	–	–	–	–
Trading services	**43,503**	**35,631**	**79,134**	**62,154**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**79,365**
Electricity	700	–	700	1,204	–	–	0%	0%	–	–	–	881
Water	41,603	35,900	77,503	58,072	–	–	0%	0%	–	–	–	77,682
Waste water management	–	167	167	2,878	–	–	0%	0%	–	–	–	138
Waste management	1,200	(436)	764	–	–	–	0%	0%	–	–	–	664
Other	**–**	**–**	**–**	**–**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Standard	**55,436**	**34,588**	**90,024**	**72,113**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**92,769**
Funded by:												
National Government	51,963	36,000	87,963	68,998	–	–	0%	0%	–	–	–	90,935
Provincial Government	–	–	–	–	–	–	0%	0%	–	–	–	–
District Municipality	–	–	–	–	–	–	0%	0%	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	0%	0%	–	–	–	–
Transfers recognised - capital	**51,963**	**36,000**	**87,963**	**68,998**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**90,935**
Public contributions & donations	**–**	**–**	**–**	**–**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**–**
Borrowing	**–**	**–**	**–**	**–**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**–**
Internally generated funds	**3,473**	**(1,412)**	**2,061**	**3,115**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**1,834**
Total Capital Funding	**55,436**	**34,588**	**90,024**	**72,113**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**92,769**

HANTAM MUNICIPALITY - Reconciliation of Table A7 Budgeted Cash Flows

Description	2020/21							2019/20
R thousand	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, peanalties and collection charges	13,185	307	13,492	11,302	–	0.0%	0.0%	9,385
Service charges	47,995	(3,381)	44,614	39,021	–	0.0%	0.0%	36,458
Other revenue	1,247	2,206	3,452	3,897	–	0.0%	0.0%	2,119
Government - operating	31,175	(1,784)	29,391	34,695	–	0.0%	0.0%	29,391
Government - capital	66,326	21,804	88,130	79,207	–	0.0%	0.0%	88,130
Interest	1,750	51	1,801	772	–	0.0%	0.0%	1,092
Dividends	–	–	–	–	–	0.0%	0.0%	–
Payments								
Suppliers and employees	(99,310)	6,887	(92,423)	(83,025)	–	0.0%	0.0%	(72,774)
Finance charges	–	–	–	(82)	–	0.0%	0.0%	(50)
Transfers and Grants	–	–	–	–	–	0.0%	0.0%	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**62,367**	**26,089**	**88,456**	**85,788**	**–**	**0.0%**	**0.0%**	**93,751**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	–	–	–	–	0.0%	0.0%	–
Decrease (Increase) in non-current debtors	–	–	–	(101)	–	0.0%	0.0%	196
Decrease (increase) other non-current receivables	–	–	–	–	–	0.0%	0.0%	–
Decrease (increase) in non-current investments	–	–	–	–	–	0.0%	0.0%	–
Payments								
Capital assets	(67,207)	(21,740)	(88,947)	(77,346)	–	0.0%	0.0%	(90,295)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(67,207)**	**(21,740)**	**(88,947)**	**(77,447)**	**–**	**0.0%**	**0.0%**	**(90,099)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	0.0%	0.0%	–
Borrowing long term/refinancing	–	–	–	–	–	0.0%	0.0%	–
Increase (decrease) in consumer deposits	–	60	60	92	–	0.0%	0.0%	106
Payments								
Repayment of borrowing	–	(164)	(164)	(171)	–	0.0%	0.0%	(164)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**–**	**(104)**	**(104)**	**(79)**	**–**	**0.0%**	**0.0%**	**(58)**
NET INCREASE/ (DECREASE) IN CASH HELD	(4,840)	4,245	(595)	8,263				3,594
Cash/cash equivalents at the year begin:	1,674	(683)	991	991				(2,603)
Cash/cash equivalents at the year end:	(3,166)	3,562	396	9,254	–	0.0%	0.0%	991