Siyancuma
MUNICIPALITY

FINANCIAL STATEMENTS

30 JUNE 2021

SIYANCUMA LOCAL MUNICIPALITY

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

GENERAL INFORMATION

NATURE OF BUSINESS

Siyancuma 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

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

JURISDICTION

The Siyancuma Municipality includes the following areas:

Douglas
Griekwastad
Campbell
Schmidsdrift

EXECUTIVE MAYOR

PJ Mcklein

SPEAKER

JH. George

CHIEF WHIP

A. Oliphant

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	*PJ Mcklein*
Executive Councillor	*SJ Mosetle*
Executive Councillor	LC van Niekerk

MUNICIPAL MANAGER

XS Geco

CHIEF FINANCIAL OFFICER

CC Zealand

REGISTERED OFFICE

7 Charl Cilliers Street	*P.O. Box 27*
Douglas	*Douglas*
8730	*8730*

GRADING

Grade 2
Medium Capacity

AUDITORS

Auditor-General (NC)
Private Bag X5013
KIMBERLEY
8300

PRINCIPLE BANKERS

ABSA Bank, Douglas *Standard Bank, Douglas* First National Bank, Douglas

ATTORNEYS

None

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)

SIYANCUMA LOCAL MUNICIPALITY

MEMBERS OF THE SIYANCUMA LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	*JH George*
2	*PJ Mc Klein*
3	*SJ Mosetle*
4	*L van Wyk*
4	*LC Van Niekerk*
5	*GF Morolong*
6	*DV Duiker*
7	*A Oliphant*
Proportional	*KJ Apie*
Proportional	*DV Smous*
Proportional	*EM Fish*
Proportional	*TM Tamboer*
Proportional	*VZ Standers*

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2021, which are set out on pages 1 to 103 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 GRAP.

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

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

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2021 and is 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.

XS Geco
Municipal Manager (Acting)

31 August 2021
Date

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

	Notes	2021 R (Actual)	2020 R (Restated)
ASSETS			
Non-Current Assets		**449 932 170**	**426 131 677**
Property, Plant and Equipment	**2**	449 580 107	425 765 386
Intangible Assets	**3**	123 718	187 015
Biological Assets	**4**	183 297	136 303
Capitalised Restoration Cost	**5**	0	0
Operating Lease Asset	**10**	45 047	42 973
Current Assets		**65 852 172**	**58 306 756**
Inventory	**6**	2 786	2 576
Trade Receivables from exchange transactions	**7**	28 269 680	25 669 377
Other Receivables from non-exchange transactions	**8**	16 001 379	12 193 060
Taxes	**11**	18 413 814	16 667 472
Cash and Cash Equivalents	**12**	3 164 513	3 774 270
Total Assets		**515 784 342**	**484 438 433**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**182 004 299**	**171 251 204**
Long-term Liabilities	**13**	2 668 846	4 491 876
Employee benefits	**14**	18 779 000	17 104 000
Non-Current Provisions	**15**	24 356 639	12 579 856
Non-Current Payables From Exchange Transactions	**19**	136 199 814	137 075 472
Current Liabilities		**88 747 681**	**92 291 846**
Consumer Deposits	**16**	184 291	182 640
Current Employee benefits	**17**	4 395 474	3 262 496
Provisions	**18**	-	14 375 332
Payables From Exchange Transactions	**19**	58 516 584	63 726 536
Unspent Conditional Government Grants and Receipts	**20**	23 035 101	8 524 130
Current Portion of Long-term Liabilities	**13**	2 616 231	2 220 711
Total Liabilities		**270 751 981**	**263 543 049**
Net Assets		**245 032 361**	**220 895 383**
Accumulated Surplus		245 032 361	220 895 383
Total Net Assets and Liabilities		**515 784 342**	**484 438 433**

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 (Actual) R	2020 (Restated) R	Correction of error R	2020 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		**138 904 904**	**130 875 744**	**(187 188)**	**131 062 933**
Taxation Revenue		**36 427 220**	**32 752 328**	(187 188)	**32 939 516**
Property taxes	21	36 427 220	32 752 328	(187 188)	32 939 516
Transfer Revenue		**95 373 413**	**92 306 579**	-	**92 306 579**
Government Grants and Subsidies - Capital	22	34 203 657	32 762 324	-	32 762 324
Government Grants and Subsidies - Operating	22	59 137 536	58 211 245	-	58 211 245
Public Contributions and Donations	23	2 032 220	1 333 009	-	1 333 009
Other Revenue		**7 104 271**	**5 816 838**	**-**	**5 816 838**
Fines		113 620	1 172 132	-	1 172 132
Interest Earned - outstanding debtors		6 146 217	-	-	-
Licences and Permits		433 151	28 744	-	28 744
Actuarial Gains	14	-	4 005 052	-	4 005 052
Availability Charges	26	411 283	-	-	-
Contributed PPE	24	-	610 910	-	610 910
Revenue from Exchange Transactions		**84 918 966**	**88 250 658**	39 841	**88 210 817**
Service Charges	25	75 018 094	84 888 405	30 605	84 857 800
Rental of Facilities and Equipment		474 719	296 524	-	296 524
Interest Earned - external investments		173 968	594 473	-	594 473
Interest Earned - outstanding debtors		8 371 680	1 182 602	-	1 182 602
Agency Services		210 870	280 921	-	280 921
Other Income	27	669 634	1 007 733	9 236	998 497
Total Revenue		**223 823 871**	**219 126 402**	**(147 347)**	**219 273 750**
EXPENDITURE					
Employee related costs	28	64 349 312	60 859 414	-	60 859 414
Remuneration of Councillors	29	5 232 483	5 262 819	-	5 262 819
Bad Debt Written off	30	9 436 884	14 796 668	-	14 796 668
Depreciation and Amortisation	35	9 246 892	11 874 330	(284 602)	12 158 931
Repairs and Maintenance		1 746 690	3 417 034	-	3 417 034
Actuarial losses	14	76 724	-	-	-
Finance Charges	33	6 838 971	19 683 649	65 594	19 618 055
Bulk Purchases	34	49 653 923	45 908 164	-	45 908 164
Stock Adjustments	34	188 530	137 993	-	137 993
General Expenses	36	16 741 272	19 709 054	-	19 709 054
Total Expenditure		**163 511 681**	**181 649 124**	(219 008)	**181 868 132**
Operating Surplus/(Deficit) for the Year		**60 312 189**	**37 477 278**	**71 661**	**37 405 617**
(Debt Impairment) / Reversal of Debt Impairment on Receivables	31	(40 724 083)	(18 526 563)	-	(18 526 563)
Gains/(Loss) on Sale of Property, Plant and Equipment	2	(265 220)	(402 263)	-	(402 263)
Reversal of Impairment Loss/(Impairment Loss) on Property, Plant and Equipment	32	(14 132)	(21 943)	-	(21 943)
Gain on Landfill site Provision adjustment	15	4 781 239	-	-	-
Change in fair value of biological assets	4	46 994	33 689	-	33 689
NET SURPLUS/(DEFICIT) FOR THE YEAR		**24 136 986**	**18 560 198**	**71 661**	**18 488 537**

SIYANCUMA LOCAL MUNICIPALITY

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

	Notes	Accumulated Surplus/ (Deficit)	Total
		R	R
Balance at 1 July 2019		**202 431 933**	**202 431 933**
Correction of error	37.07	-96 741	-96 741
Restated Balance at 1 July 2019		**202 335 192**	**202 335 192**
Net Surplus for the year		18 488 537	18 488 537
Correction of error	37.08	71 661	71 661
Restated Balance at 1 July 2020		**220 895 383**	**220 895 383**
Net (Deficit) for the year		24 136 986	24 136 986
Balance at 30 June 2021		**245 032 361**	**245 032 361**

SIYANCUMA LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R	2020 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates, penalties & collection charges		36 427 220	32 754 290
Service charges		23 829 084	44 271 338
Other revenue		10 610 219	4 119 062
Government - operating		58 997 636	58 361 885
Government - capital		48 812 747	36 542 355
Interest		8 545 648	1 777 075
Payments			
Suppliers and employees		(148 919 337)	(128 770 879)
Finance charges		(6 838 971)	(19 683 649)
Transfers and Grants		-	-
Net Cash from Operating Activities	**38**	**31 464 246**	**29 371 478**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**2**	(29 624 257)	(29 373 127)
Proceeds on Disposal of Fixed Assets		1 548	1 330
Purchase of Intangible Assets	**3**	-	-
Proceeds on Disposal of Biolocial Assets	**4**	-	-
Net Cash from Investing Activities		**-29 622 709**	**(29 371 797)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans raised		-	-
Loans (repaid)		(2 452 936)	(2 854 944)
(Increase)/Decrease in Long-term Receivables		-	-
Increase/(Decrease) in Non-Current Provisions		-	-
Increase/(Decrease) in Consumer Deposits		1 651	(670)
Rounding		(9)	(7)
Net Cash from Financing Activities		**(2 451 293)**	**-2 855 621**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(609 756)**	**-2 855 941**
Cash and Cash Equivalents at the beginning of the year		3 774 270	6 630 211
Cash and Cash Equivalents at the end of the year	**39**	3 164 513	3 774 270
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(609 757)**	**-2 855 941**

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

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2021 R (Actual)	2021 R (Final Buget)	2021 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	1 653 884	20 992 139	(19 338 255)	Due to the non payment of debtors account funds were utilised for cash flow. Property rates were also withheld by the business forum
Call investment deposits	1 510 629	248 707	1 261 922	Funds wthat were not spend were invested on call deposit account
Consumer debtors	46 683 494	41 420 564	5 262 929	No payment culture of consumers
Other Receivables	16 001 379	21 245 647	(5 244 267)	The allowance for doubtful debts is higher than anticipated.
Inventory	2 786	1 969	817	Normal water inventory changes
Total current assets	65 852 172	83 909 027	(18 056 855)	
Non current assets				
Operating Lease Asset	45 047	-	45 047	Operating lease asset smoothing effect
Investment property	-	-	-	
Property, plant and equipment	449 580 108	496 734 859	(47 154 751)	Due to underspending on planned projects not all capitalise arised as expected.
Biological Assets	183 297	78 959	104 338	Changes to due changes in fair value adjustment which was affected by multiplication
Intangible Assets	123 718	21 933	101 785	Intangible assets remaining useful lives were reviewed and re-evaluated.
Total non current assets	449 932 170	496 835 751	(46 903 581)	
TOTAL ASSETS	515 784 342	580 744 778	(64 960 436)	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	2 616 231	3 682 513	(1 066 282)	Smart meters funding model was changed to Capital
Consumer deposits	184 291	190 171	(5 880)	
Trade and other payables	81 551 685	31 856 689	49 694 996	Due to debtors non payment, Eskom account has grown
Provisions and Employee Benefits	4 395 474	17 595 452	(13 199 978)	Change in useful lives
Total current liabilities	88 747 681	53 324 825	35 422 856	
Non current liabilities				
Borrowing	138 868 660	151 874 976	(13 006 315)	Smart meters funding model was changed to Capital
Provisions and Employee Benefits	43 135 639	40 744 605	2 391 034	Due to actuarial calculation which is only performed at year end differences, this results in movement per year
Total non current liabilities	182 004 299	192 619 580	(10 615 281)	
TOTAL LIABILITIES	270 751 981	245 944 405	24 807 576	
NET ASSETS	245 032 361	334 800 372	(89 768 011)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	245 032 361	334 800 373	(89 768 012)	
TOTAL COMMUNITY WEALTH/EQUITY	245 032 361	334 800 373	(89 768 012)	

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

ADJUSTMENTS TO APPROVED BUDGET

	2021 R (Approved Budget)	2021 R (Adjustments)	2021 R (Final Buget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	9 339 274	11 652 865	20 992 139	Reduction in MIG grant
Call investment deposits	248 707	-	248 707	
Consumer debtors	41 420 564	-	41 420 564	
Other Receivables	21 245 647	-	21 245 647	
Inventory	1 969	-	1 969	
Total current assets	72 256 162	11 652 865	83 909 027	
Non current assets				
Investment property	-	-	-	
Property, plant and equipment	489 749 790	5 107 000	494 856 790	Increase of equitable share for covid related expenditure
Biological Assets	78 959	-	78 959	
Intangible Assets	21 933	-	21 933	
Other non-current assets	1 878 068	-	1 878 068	
Total non current assets	491 728 751	5 107 000	496 835 751	
TOTAL ASSETS	563 984 912	16 759 865	580 744 778	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	3 682 513	-	3 682 513	
Consumer deposits	190 171	-	190 171	
Trade and other payables	31 856 689	-	31 856 689	
Provisions and Employee Benefits	17 595 452	-	17 595 452	
Total current liabilities	53 324 825	-	53 324 825	
Non current liabilities				
Borrowing	151 874 976	-	151 874 976	
Provisions and Employee Benefits	40 744 605	-	40 744 605	
Total non current liabilities	192 619 580	-	192 619 580	
TOTAL LIABILITIES	245 944 405	-	245 944 405	
NET ASSETS	318 040 507	16 759 865	334 800 372	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	318 040 507	16 759 865	334 800 373	Adjustment budget figures changed based on actual figures
TOTAL COMMUNITY WEALTH/EQUITY	318 040 507	16 759 865	334 800 373	

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

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2021 R (Actual)	2021 R (Final Buget)	2021 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	36 427 220	34 978 712	1 448 508	
Service charges	75 018 094	87 462 748	(12 444 653)	Installation of pre paid meters ensured accurate readings
Rental of facilities and equipment	474 719	313 389	161 331	Enisaged more income from Holiday resort and commonage leases - however revenue was impacted by COVID 19 and lockdown regulations
Interest earned - external investments	173 968	316 260	(142 292)	Slow spending on conditional grants results in money being invested
Interest earned - outstanding debtors	8 371 680	2 000 000	6 371 680	Interest was stopped where agreements are in place
Fines	113 620	559 671	(446 051)	Potential income from fines did not realise - COVID 19
Licences and permits	433 151	134 552	298 600	Decline in traffic licence income due to COVID 19 and lockdown regulations
Agency services	210 870	516 558	(305 688)	Decline in vehicle registration income due to COVID 19 and lockdown regulations
Government Grants and Subsidies - Operating	61 169 757	65 584 000	(4 414 243)	Public contributions and LG SETA funding received through the year
Other revenue	716 628	2 471 464	(1 754 836)	Actuarial gains, contributed PPE and change in fair value of biological assets included
Gains on disposal of PPE	-	-	-	Not budgeted for gain on disposal
Total Operating Revenue	183 109 708	194 337 353	(11 227 644)	
EXPENDITURE BY TYPE				
Employee related costs	64 349 312	69 924 782	(5 575 470)	Decline in Acting- , standby allowance and overtime. Provision for a permanent MM. Actual leave provision reduced significantly
Remuneration of councillors	5 232 483	5 679 391	(446 907)	
Debt impairment	50 160 967	1 982 658	48 178 309	Debt impairment provision reduced due to higher collection rate envisaged
Depreciation & asset impairment	9 246 892	12 406 250	(3 159 358)	Under budgeted for depreciation due to decline in remaining useful lives of assets after annual inspection.
Finance charges	6 838 971	5 831 155	1 007 816	Interest on Eskom account not budgeted for
Bulk purchases	49 842 453	48 500 805	1 341 648	Envisaged a bigger Eskom expense - expecting Eskom tariffs to have increased and expecting increased surcharges during loadshedding
Other materials	-	8 766 199	(8 766 199)	Difference due budgeting in mSCOA budget classifications however reporting on GRAP
Contracted services	-	14 188 583	(14 188 583)	Difference due budgeting in mSCOA budget classifications however reporting on GRAP
Grants and subsidies paid	-	-	-	
Other expenditure	18 578 819	7 783 019	10 795 799	Difference due budgeting in mSCOA budget classifications however reporting on GRAP
Loss on disposal of PPE	265 220	12 602	252 619	Do not budget for loss on disposal, loss budgeted for relates to biological assets
Total Operating Expenditure	204 515 117	175 075 443	29 439 675	
Operating Surplus/(Deficit) for the year	(21 405 409)	19 261 910	(40 667 319)	
Government Grants and Subsidies - Capital	34 203 657	49 070 000	(14 866 343)	
Net Surplus for the year	12 798 248	68 331 910	(55 533 662)	

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

ADJUSTMENTS TO APPROVED BUDGET

	2021 R (Approved Budget)	2021 R (Adjustments)	2021 R (Final Buget)	Reasons for material adjustments
REVENUE BY SOURCE				
Property rates	34 978 712	-	34 978 712	
Property rates - penalties & collection charges	-	-	-	
Service charges	83 319 863	4 142 885	87 462 748	Adjustment budget figures changed based on actual figures
Rental of facilities and equipment	272 431	40 958	313 389	Adjustment budget figures changed based on actual figures
Interest earned - external investments	316 260	-	316 260	
Interest earned - outstanding debtors	1 159 620	840 380	2 000 000	Adjustment budget figures changed based on actual figures
Dividends received	-	-	-	
Fines	4 037 720	(3 478 049)	559 671	
Licences and permits	134 552	-	134 552	
Agency services	516 558	-	516 558	
Government Grants and Subsidies - Operating	57 873 000	7 711 000	65 584 000	Increase in equitable share for covid expenditure
Other revenue	2 402 518	68 946	2 471 464	Adjustment budget figures changed based on actual figures
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	185 011 233	9 326 120	194 337 353	
EXPENDITURE BY TYPE				
Employee related costs	71 695 548	(1 770 766)	69 924 782	Adjustment budget figures changed based on actual figures, vacant posts not filled
Remuneration of councillors	5 679 391	-	5 679 391	
Debt impairment	1 982 658	-	1 982 658	
Depreciation & asset impairment	12 406 250	-	12 406 250	
Finance charges	5 831 155	-	5 831 155	
P Bulk purchases	48 328 609	172 196	48 500 805	Adjustment budget figures changed based on actual figures
Other materials	8 753 307	12 892	8 766 199	Adjustment budget figures changed based on actual figures
Contracted services	17 857 518	(3 668 935)	14 188 583	Adjustment budget figures changed based on actual figures
Grants and subsidies paid	-	-	-	
Other expenditure	12 416 151	(4 633 132)	7 783 019	Re allocation of Covid funds
Loss on disposal of PPE	12 602	-	12 602	
Total Operating Expenditure	184 963 188	-9 887 745	175 075 443	
Operating Surplus for the year	48 045	19 213 865	19 261 910	
Government Grants and Subsidies - Capital	51 524 000	(2 454 000)	49 070 000	
Net Surplus for the year	51 572 045	16 759 865	68 331 910	

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

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2021 R (Actual)	2021 R (Final Buget)	2021 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	36 427 220	29 731 905	6 695 315	Expected a greater amount of agricultural properties to quailfy for additional rebates when the budget was compiled.
Service charges	23 829 084	73 040 295	(49 211 211)	Economic decline, consumers has a culture of non payment
Other revenue	10 610 219	3 497 526	7 112 693	COVID 19, resulted in decrease of other revenue
Government - operating	58 997 636	65 584 000	(6 586 364)	Additional amount from Energy efficiency and COVID funds
Government - capital	48 812 747	49 070 000	(257 253)	Relates to INEP and capital portion of COVID funds
Interest	8 545 648	548 184	7 997 464	COVID 19 impacted debt collection thus resulting in increase interest charges
Dividends	-	-	-	
Payments				
Suppliers and Employees	(148 919 337)	(141 894 730)	(7 024 607)	COVID 19 impacted debt collection thus resulting in a decrease in suppliers payments
Finance charges	(6 838 971)	(5 831 155)	(1 007 816)	Eskom Finance charges not budgeted for
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	31 464 246	73 746 025	-42 281 779	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	1 548	-	1 548	
Decrease/(increase) in non-current receivables	-	294 352	(294 352)	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(29 624 257)	(50 070 000)	20 445 743	Rollover amount on MIG - capital not spent
NET CASH FROM/(USED) INVESTING ACTIVITIES	-29 622 709	(49 775 648)	20 152 939	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	1 651	-	1 651	Due to increase in smartmeters installation deposits reduced as consumers were moved to pre-paid services
Payments				
Repayment of borrowing	(2 452 936)	(3 682 513)	1 229 578	Hard lockdown influenced smartmeter installation thus reducing the expected finance lease and resultant repayment
NET CASH FROM/(USED) FINANCING ACTIVITIES	-2 451 285	(3 682 513)	1 231 229	
NET INCREASE/(DECREASE) IN CASH HELD	-609 747	20 287 863	-20 897 611	Debt collection percentage increased due to smartmeter installation and received extra grant funding.
Cash and Cash Equivalents at the beginning of the year	3 774 270	704 276	3 069 994	
Cash and Cash Equivalents at the end of the year	(3 164 513)	20 992 139	(24 156 652)	

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

ADJUSTMENTS TO APPROVED BUDGET

	2021 R (Approved Budget)	2021 R (Adjustments)	2021 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	29 731 905		29 731 905	
Service charges	73 411 338		73 040 295	
Other revenue	3 770 208	(272 682)	3 497 526	Adjustment budget figures changed based on actual figures
Government - operating	57 873 000	7 711 000	65 584 000	Additional COVID grant
Government - capital	51 524 000	(2 454 000)	49 070 000	Reduction in grant
Interest	548 184	-	548 184	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(146 980 320)	5 085 590	(141 894 730)	Adjustment budget figures changed based on actual figures
Finance charges	(5 831 155)	-	(5 831 155)	
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	64 047 160	10 069 908	73 746 025	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
P Decrease/(increase) in non-current receivables	294 352	-	294 352	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(52 024 000)	1 954 000	(50 070 000)	Reduced spending on grants
NET CASH FROM/(USED) INVESTING ACTIVITIES	(51 729 648)	1 954 000	(49 775 648)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(3 682 513)	-	(3 682 513)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 682 513)	-	(3 682 513)	
NET INCREASE/(DECREASE) IN CASH HELD	8 634 998	12 023 908	20 287 863	
Cash and Cash Equivalents at the beginning of the year	704 276	-	704 276	Adjustment budget figures changed based on actual figures
Cash and Cash Equivalents at the end of the year	9 339 274	11 652 865	20 992 139	Adjustment budget figures changed based on actual figures

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2021

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

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

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Executive & Council	1.1 - GOVERNANCE - COUNCIL	Aggregated to Municipal Governance and Adr	Municipal Governance and Administration	Supporting service departments
Vote 2 - Office of the Municipal Manager	2.1 - MUNICIPAL MANAGER	Aggregated to Municipal Governance and Adr	Municipal Governance and Administration	Supporting service departments
Vote 3 - Department of Finance	3.1 - FINANCE	Aggregated to Municipal Governance and Adr	Municipal Governance and Administration	Supporting service departments
	3.2 - ASSESMENT RATES	Aggregated to Municipal Governance and Adr	Municipal Governance and Administration	Supporting service departments
	3.3 - INTERNS	Aggregated to Municipal Governance and Adr	Municipal Governance and Administration	Supporting service departments
Vote 4 - Department of Administration & Community Services	4.1 - CORPORATE AND HUMAN RESOURCES	Aggregated to Municipal Governance and Adr	Municipal Governance and Administration	Supporting service departments
Vote 5 - Department of Infrastructure Development & Technical Services	5.1 - CLEANSING	Aggregated to Trading services	Trading Services	Water management, Electricity services and waste water management
	5.2 - ELECTRICITY	Aggregated to Trading services	Trading Services	
	5.3 - PARKS & RECREATION	Aggregated to Trading services	Trading Services	
	5.4 - PROPERTIES	Aggregated to Trading services	Trading Services	
	5.5 - PUBLIC WORKS: ROADS	Aggregated to Trading services	Trading Services	
	5.6 - STORMWATER DRAINAGE	Aggregated to Trading services	Trading Services	
	5.7 - WATER	Aggregated to Trading services	Trading Services	
	5.8 - SEWERAGE AND SANITATION	Aggregated to Trading services	Trading Services	
	5.9 - SANITATION	Aggregated to Trading services	Trading Services	
Vote 6 - Community & Social Services	6.1 - CEMETARY	Aggregated to Community and Public Safety	Community and Public Safety	Cleansing Services provided as well as Library services, community hall rentals, Recreation centers, Airfield Rental
	6.2 - CIVIC CENTRE	Aggregated to Community and Public Safety	Community and Public Safety	
	6.3 - DOUGLAS HOLIDAY RESORT	Aggregated to Community and Public Safety	Community and Public Safety	
	6.4 - FIRE BRIGADE	Aggregated to Community and Public Safety	Community and Public Safety	
	6.5 - HEALTH SERVICES	Aggregated to Community and Public Safety	Community and Public Safety	
	6.6 - LIBRARY'S	Aggregated to Community and Public Safety	Community and Public Safety	
	6.7 - LICENSES	Aggregated to Community and Public Safety	Community and Public Safety	
	6.8 - TRAFFIC	Aggregated to Community and Public Safety	Community and Public Safety	
	6.9 - VEHICLE LICENSES	Aggregated to Community and Public Safety	Community and Public Safety	
	6.10 - MEENT	Aggregated to Community and Public Safety	Community and Public Safety	

Siyancuma Municipality has the following wards situated in different geographical areas:

Ward 1
Ward 2
Ward 3
Ward 4
Ward 5
Ward 6
Ward 7

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.

SIYANCUMA LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Municipal Governance and Administration	Community and Public Safety	Trading Services	Economic and environmental services	Unallocated	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	7 145 100	82 955	83 801 058	-	-	91 029 113
Service Charges - Electricity Revenue	-	-	41 316 116	-	-	41 316 116
Service Charges - Water Revenue	-	-	20 450 709	-	-	20 450 709
Service Charges - Sanitation Revenue	-	-	7 816 177	-	-	7 816 177
Service Charges - Refuse Revenue	-	-	5 846 375	-	-	5 846 375
Rental of Facilities and Equipment	474 698	21	-	-	-	474 719
Interest Earned - External Investments	173 968	-	-	-	-	173 968
Interest Earned - Outstanding Debtors	6 146 217	-	8 371 680	-	-	14 517 897
Licences and Permits	350 217	82 934	-	-	-	433 151
Other Revenue	-	-	-	-	-	-
External revenue from non-exchange transactions	58 355 994	1 617 358	4 939 548	-	-	64 912 900
Fines	-	113 620	-	-	-	113 620
Licences and Permits	-	-	-	-	-	-
Agency Services	-	210 870	-	-	-	210 870
Transfers Recognised - Operational	57 937 536	1 200 000	-	-	-	59 137 536
Other Revenue	418 457	92 868	4 939 548	-	-	5 450 873
	-	-	-	-	-	-
Revenue from transactions with other segments	-	-	2 389 414	-	-	2 389 414
Internal Revenue	-	-	2 389 414	-	-	2 389 414
Total Segment Revenue (excluding capital transfers and contributions)	65 501 094	1 700 313	91 130 020	-	-	158 331 427
SEGMENT EXPENDITURE						
Employee Related Costs	30 076 603	4 565 782	29 706 926	-	-	64 349 312
Remuneration of Councillors	5 232 483	-	-	-	-	5 232 483
Debt Impairment	40 836 529	-	9 324 438	-	-	50 160 967
Depreciation and Asset Impairment	1 970 431	28 125	7 262 467	-	-	9 261 024
Finance Charges	4 007 551	114 639	2 716 782	-	-	6 838 971
Bulk Purchases	-	-	49 842 453	-	-	49 842 453
Other Materials	932 611	3 262	810 818	-	-	1 746 690
Contracted Services	-	-	-	-	-	-
Transfers and Grants	-	-	-	-	-	-
Other Expenditure	14 278 476	114 096	2 348 701	-	-	16 741 272
Internal charges	335 380	356 676	1 697 358	-	-	2 389 414
Total Segment Expenditure	97 670 064	5 182 580	103 709 943	-	-	206 562 588
Surplus/(Deficit)	-32 168 971	-3 482 267	-12 579 923	-	-	-48 231 161
Transfers Recognised - Capital	6 468 864	-	27 734 793	-	-	34 203 657
Contributions Recognised - Capital	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	-25 700 107	-3 482 267	15 154 870	-	-	-14 027 504
Taxation	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	-25 700 107	-3 482 267	15 154 870	-	-	-14 027 504
Surplus/(Deficit) Attributable to Municipality	-25 700 107	-3 482 267	15 154 870	-	-	-14 027 504
Surplus/(Deficit) for the year	-25 700 107	-3 482 267	15 154 870	-	-	-14 027 504

REPORTABLE SEGMENTS TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Municipal Governance and Administration	Community and Public Safety	Trading Services	Economic and environmental services	Unallocated	Total
	R	R	R	R	R	R
OTHER INFORMATION						
Segment Assets	-	-	-	-	515 784 342	515 784 342
Segment liabilities	-	-	-	-	270 751 981	270 751 981

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)	192 535 084
Total Revenue as per Statement of Financial Performance	231 041 518
Difference	-38 506 435
Reconciling items	
Property rates	36 427 220
Public Contributions and Donations	2 032 220
Change in Fair Value	46 994

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

Total Segment Expenditure	206 562 588
Total Expenditure as per Statement of Financial Performance	206 904 532
Difference	-341 944
Reconciling items	
Loss on Disposal of PPE	-265 220
Actuarial Losses	-76 724

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

Surplus/(Deficit) for the year as per Segments	24 136 986
Surplus/(Deficit) for the year as per Statement of Financial Performance	24 136 986
Difference - as explained above	-

See the explanations for differences above under Revenue and Expenses.

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

Total Segment Assets	515 784 342
Total Assets as per Statement of Financial Position	515 784 342
Difference	-

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

Total Segment Liabilities	270 751 981
Total Liabilities as per Statement of Financial Position	270 751 981
Difference	-

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

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

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

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

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

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 financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the 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 material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 CONSISTENT AND NEW ACCOUNTING POLICIES

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

The following GRAP standards became effective on 1 April 2020:

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

GRAP 34 - 38 will not have an influence on the operations of the municipality OR the municipality will consider GRAP 34 -38 with the compilation of consolidated financial statements.

Amendments were made to the following GRAP interpretations:

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

1.6. MATERIALITY

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

1.7. PRESENTATION OF BUDGET INFORMATION

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

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

The comparable information includes the following:

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

Explanations for 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 Financial Statements.

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

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

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

Standard	Description	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. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	**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.	**Unknown**

	No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	

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

1.9. LEASES

1.9.1 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.

1.9.2 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 de-recognition 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 revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.10. 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 as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

1.12. UNSPENT PUBLIC CONTRIBUTIONS

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

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

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

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.

- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.13. PROVISIONS

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

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 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 is the best estimate of the expenditure required to settle the present obligation at the reporting date.

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

1.14. EMPLOYEE BENEFITS

1.14.1 *Post Retirement Medical Obligations*

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

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in 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 recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually 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 recognised in the Statement of Financial Performance as employee benefits 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 recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 Provision for Staff Leave

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

Accumulating 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.

1.14.4 Staff Bonuses Accrued

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

1.14.5 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.14.6 Pension and retirement fund obligations

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

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

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

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

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

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

1.14.7 Other Short-term Employee Benefits

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

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

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

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

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

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

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. 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 or service potential associated with the asset (including capitalised restoration cost).

1.15.3 Depreciation and Impairment

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

	Years		*Years*
Infrastructure		**Other**	
Road network	1-76	Air Conditioners	2-12
Stormwater network	11-76	Chairs	2-12
Electricity network	1-50	Electronic equipment	1-7
Water network	1-97	Motor Vehicles	5
Sanitation network	1-97	Furniture and fittings	2-24
		Office Equipment	1-5
Buildings		Trailers	2-4
Buildings	43-94	Tables and Desks	2-15
		Tractors	3-5
Community		Trucks	2-8
Recreational Facilities	88	Works Equipment	2-12
Halls	43-89	Computer Hardware	2-5
Libraries	21-88		
Leased Assets		**Capitalised Restoration Costs**	
Office equipment	2 – 8	Land-fill sites	3 – 13
Water network	7-10		
Electricity network	7-10		

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

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

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

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

1.15.4 De-recognition

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

1.15.5 Decommisioning and restoration asset

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

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

- Changes in the liability, shall be added or deducted from the asset cost;
- The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.26 of the policy.

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 identifiable criterion in the definition of an intangible asset when it:

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

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

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

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 is 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 any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3 Amortisation and Impairment

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

Intangible Assets	Years
Computer Software	1-3

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.

1.17. INVESTMENT PROPERTY

1.17.1 Initial Recognition

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

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

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

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

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

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

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 – Cost Model

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

1.17.3 Depreciation and Impairment – Cost Model

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

Investment Property	**Years**
Buildings	30

1.17.4 De-recognition

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

1.18 HERITAGE ASSETS

1.18.1 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.

1.18.2 Subsequent Measurement – Cost Model

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

1.18.3 Depreciation and Impairment

Heritage assets are not depreciated

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

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

1.18.4 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 BIOLOGICAL ASSETS

1.19.1 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.

1.19.2 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 at hunting prices. Game is considered to be consumable/bearer biological assets.

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

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.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

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

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

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

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

1.20.2 Non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

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

An impairment loss is recognised immediately in surplus or deficit, 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, raw materials, work-in-progress and finished goods, 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.

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 and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

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 form exchange and non-exchange transactions) and non-current investments. 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 or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.22.2.1 *Receivables*

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

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. 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 payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.2.3 *Cash and Cash Equivalents*

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

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

1.22.2.4 *Non-Current Investments*

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

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

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

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

1.22.3 De-recognition of Financial Instruments

1.22.3.1 *Financial Assets*

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

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

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

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

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

1.22.3.2 *Financial Liabilities*

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

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

1.22.4 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 is met.

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 Provisions

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables.

The transitional period commences 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.

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

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

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

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

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

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

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by 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 is measured at the fair value of the consideration received or receivable.

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

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

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

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

1.24.2 Revenue from Exchange Transactions

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

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

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

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

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. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

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

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

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

Interest revenue is recognised using the effective interest rate method.

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

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

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 Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

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

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

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

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

1.25. 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 an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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

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

1.26. 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.

1.27. 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.

1.28. 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.

1.29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.30.1 Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 3 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.30.2 Impairment of Receivables

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

1.30.3 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.

1.30.4 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.

1.30.5 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.

1.30.6 Provisions and Contingent Liabilities

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

1.30.7 Revenue Recognition

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.30.8 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. 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 are recognised in 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.

1.30.9 Provision for Staff leave

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

1.30.10 Provision for Performance bonuses

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

1.30.11 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 that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days worth of unused electricity.

1.30.12 Componentisation of Infrastructure assets

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

1.31. 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.

1.32. CAPITAL COMMITMENTS

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

1.33. 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.

1.34. 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 that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

2 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance R	Additions R	Work-in-progress	Disposals R	Transfers	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment Charge R	Disposals R	Transfers	Closing Balance R	R
30 June 2021													
Land and Buildings	21 465 468	-	-	-	-	21 465 468	448 524	34 310	-	-	-	482 834	20 982 634
Land	18 066 624	-	-	-	-	18 066 624	-	-	-	-	-	-	18 066 624
Buildings	3 398 844	-	-	-	-	3 398 844	448 524	34 310	-	-	-	482 834	2 916 009
Infrastructure	493 527 973	26 992 851	-	-506 140	-	520 014 684	132 040 184	7 248 017	14 132	-239 372	-	139 062 963	380 951 721
Road Network	96 624 114	-	-	-	-	96 624 114	39 121 160	1 101 945	7 686	-	-	40 230 792	56 393 322
Sanatation Network	95 360 010	-	-	-301 104	-	95 058 906	25 163 471	1 480 336	-	-60 227	-	26 583 580	68 475 326
Electricity Network	79 212 138	2 664 172	-	-	-	81 876 310	18 133 655	1 977 058	-	-	-	20 110 713	61 765 597
Water Network	145 628 800	1 039 001	-	-205 036	-	146 462 765	30 326 787	2 168 909	15 986	-179 144	-	32 332 538	114 130 227
Stormwater Network	2 571 535	-	-	-	-	2 571 535	673 691	42 995	-	-	-	716 686	1 854 849
Capitalised Restoration Costs	20 428 859	99 657	-	-	-	20 528 516	18 621 420	476 774	-9 540	-	-	19 088 654	1 439 862
Work-in-Progress	53 702 517	23 190 022	-	-	-	76 892 538	-	-	-	-	-	-	76 892 538
Community Assets	33 684 517	-	-	-	-	33 684 517	517 810	32 874	-	-	-	550 684	33 133 832
Library	466 394	-	-	-	-	466 394	57 652	5 097	-	-	-	62 749	403 645
Cemetary	176 000	-	-	-	-	176 000	-	-	-	-	-	-	176 000
Commonage	21 101 000	-	-	-	-	21 101 000	-	-	-	-	-	-	21 101 000
Community Halls	1 264 123	-	-	-	-	1 264 123	155 602	12 524	-	-	-	168 126	1 095 997
Game Farm	8 171 000	-	-	-	-	8 171 000	-	-	-	-	-	-	8 171 000
Holiday Resort	1 195 000	-	-	-	-	1 195 000	135 635	8 061	-	-	-	143 696	1 051 304
Sport Facilities	1 311 000	-	-	-	-	1 311 000	168 921	7 192	-	-	-	176 113	1 134 887
Lease Assets	10 798 252	1 025 426	-	-	-2 370 578	9 453 100	3 963 259	1 229 610	-	-	-2 164 339	3 028 530	6 424 570
Office Equipment	2 556 218	943 680	-	-	-2 370 578	1 129 320	2 104 509	402 645	-	-	-2 164 339	342 815	786 504
Electricity Network	1 661 874	46 605	-	-	-	1 708 480	297 929	167 894	-	-	-	465 822	1 242 657
Water Network	6 580 160	35 141	-	-	-	6 615 301	1 560 821	659 071	-	-	-	2 219 892	4 395 409
Other Assets	13 302 034	5 260 939	-	-	2 370 578	20 933 551	10 043 080	638 783	-	-	2 164 339	12 846 202	8 087 350
Air Conditioner	437 207	-	-	-	-	437 207	352 069	22 961	-	-	-	375 030	62 177
Chairs	289 051	-	-	-	-	289 051	233 310	12 892	-	-	-	246 202	42 849
Electronic Equipment	888 483	15 004	-	-	-	903 487	597 318	82 449	-	-	-	679 767	223 721
Motor Vehicles	131 491	-	-	-	-	131 491	52 769	8 344	-	-	-	61 114	70 378
Furniture & Fittings	592 094	6 000	-	-	-	598 094	473 041	27 140	-	-	-	500 182	97 912
Office Equipment	3 513 213	1 288	-	-	2 370 578	5 885 078	3 257 907	127 529	-	-	2 164 339	5 549 775	335 303
Trailers	89 746	-	-	-	-	89 746	78 850	996	-	-	-	79 846	9 899
Tables and desks	183 936	-	-	-	-	183 936	142 534	7 264	-	-	-	149 798	34 138
Tractors	200 000	857 323	-	-	-	1 057 323	176 587	19 282	-	-	-	195 869	861 454
Trucks	4 356 132	4 226 931	-	-	-	8 583 063	3 013 486	170 767	-	-	-	3 184 253	5 398 810
Works Equipment	1 208 172	149 133	-	-	-	1 357 306	424 989	103 136	-	-	-	528 126	829 180
Computer hardware	1 412 510	5 259	-	-	-	1 417 769	1 240 218	56 022	-	-	-	1 296 240	121 529
	572 778 244	33 279 216	-	-506 140	-	605 551 320	147 012 858	9 183 595	14 132	-239 372	-	155 971 213	449 580 107

2 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value		Cost						Accumulated Depreciation						Carrying Value
		Opening Balance R	Additions R	Work-in-progress	Disposals R	Transfers	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment Charge R	Disposals R	Transfers	Closing Balance R	R
30 June 2020														
Land and Buildings		21 459 728	5 740	-	-		21 465 468	414 262	34 262	-	-		448 524	21 016 944
Land		18 066 624	-	-	-	-	18 066 624	-	-	-	-		-	18 066 624
Buildings		3 393 104	5 740	-	-	-	3 398 844	414 262	34 262	-	-	-	448 524	2 950 319
Infrastructure		463 686 176	30 369 014	-	-527 218	-	493 527 973	122 565 203	9 571 715	30 819	-127 552	-	132 040 184	361 487 788
Road Network		96 624 114	-	-	-	-	96 624 114	38 019 215	1 101 945	-	-	-	39 121 160	57 502 953
Sanitation Network		95 575 943	285 076	-	-501 009	-	95 360 010	23 834 469	1 439 501	-	-110 499	-	25 163 471	70 196 539
Electricity Network		78 953 298	24 349	234 491	-	-	79 212 138	16 280 470	1 853 184	-	-	-	18 133 655	61 078 483
Water Network		145 627 007	28 002	-	-26 209	-	145 628 800	28 170 279	2 151 663	21 898	-17 052	-	30 326 787	115 302 012
Stormwater Network		2 571 535	-	-	-	-	2 571 535	630 696	42 995	-	-	-	673 691	1 897 844
Capitalised Restoration Costs		19 549 335	879 525	-	-	-	20 428 859	15 630 073	2 982 426	8 921	-	-	18 621 420	1 807 439
Balance previously reported		-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of error - Note	37.04	19 549 335	879 525		-		20 428 859	15 630 073	2 982 426	8 921	-		18 621 420	1 807 439
Work-in-Progress		24 784 945	29 152 062	-234 491	-	-	53 702 517	-	-	-	-		-	53 702 517
Community Assets		33 684 517	-	-	-		33 684 517	484 936	32 874	-	-		517 810	33 166 707
Libraries		466 394	-	-	-		466 394	52 555	5 097	-	-	-	57 652	408 742
Cemetery		176 000	-	-	-		176 000	-	-	-	-		-	176 000
Commonage		21 101 000	-	-	-		21 101 000	-	-	-	-		-	21 101 000
Community Halls		1 264 123	-	-	-		1 264 123	143 078	12 524	-	-	-	155 602	1 108 521
Game Farm		8 171 000	-	-	-		8 171 000	-	-	-	-		-	8 171 000
Holiday Resort		1 195 000	-	-	-		1 195 000	127 574	8 061	-	-	-	135 635	1 059 365
Sport Facilities		1 311 000	-	-	-		1 311 000	161 729	7 192	-	-	-	168 921	1 142 079
Lease Assets		14 291 453	12 453	-	-		10 798 252	5 770 983	1 443 784	-	-		3 963 259	6 834 993
Office Equipment		6 061 872	-	-	-	-3 505 654	2 556 218	4 736 138	619 880	-	-	-3 251 509	2 104 509	451 709
Electricity Network		1 649 421	12 453	-	-	-	1 661 874	132 208	165 720	-	-	-	297 929	1 363 946
Water Network		6 580 160	-	-	-	-	6 580 160	902 637	658 184	-	-	-	1 560 821	5 019 339
Other Assets		9 000 123	811 559	-	-15 302		13 302 034	6 104 721	698 180	45	-11 375		10 043 080	3 258 955
Air Conditioner		437 207	-	-	-		437 207	325 633	26 436	-	-	-	352 069	85 138
Chairs		289 051	-	-	-		289 051	216 866	16 439	5	-	-	233 310	55 741
Electronic Equipment		736 084	159 819	-	-7 420	-	888 483	513 912	87 948	-	-4 542	-	597 318	291 165
Motor vehicles		131 491	-	-	-		131 491	44 425	8 344	-	-	-	52 769	78 722
Furniture & Fittings		592 094	-	-	-		592 094	439 532	33 509	-	-	-	473 041	119 052
Office Equipment		6 298	1 261	-	-	3 505 654	3 513 213	6 058	341	-	-	3 251 509	3 257 907	255 305
Trailer		89 746	-	-	-		89 746	75 972	2 878	-	-	-	78 850	10 896
Tables and desks		183 936	-	-	-		183 936	133 966	8 529	39	-	-	142 534	41 402
Tractors		200 000	-	-	-		200 000	163 174	13 413	-	-	-	176 587	23 413
Trucks		4 356 132	-	-	-		4 356 132	2 668 065	345 420	-	-	-	3 013 486	1 342 646
Works Equipment		594 595	613 577	-	-	-	1 208 172	387 219	37 770	-	-		424 989	783 183
Computer hardware		1 383 489	36 903	-	-7 882	-	1 412 510	1 129 899	117 152	-	-6 833	-	1 240 218	172 292
		542 121 997	31 198 766	-	-542 520		572 778 244	135 340 106	11 780 815	30 864	-138 927		147 012 858	425 765 386

		2021	2020
2	**PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**	**R**	**R**

Work-in-progress

Work-in-progress is compiled from the following on-going capital projects:

	2021 R	2020 R
Bongani Bulk Supply - Upgrade	14 579 591	14 579 591
Upgrading of Breipaal Pump Station	6 520 233	6 520 233
Upgrading Gravel Roads Campbell	12 150 542	12 150 542
Upgrading of Breipaal Pumpstation and outfall sewer phase 2	15 566 377	6 690 204
Siyancuma High Mast Lights	10 036 307	10 036 307
Campbell oxidation pond	1 086 275	1 116 943
Breipaal 100 stand	2 608 696	2 608 696
Bongani 600 stands	13 007 147	-
Breipaal pumpstation line	1 337 369	-
	76 892 538	**53 702 516**

	2021 R	2020 R
The movements for the year can be reconciled as follows:		
Balance at beginning of year	53 702 517	24 784 945
Expenditure during the year	23 190 022	29 152 062
Assets unbundled during the year	-	(234 491)
Balance at end of year	**76 892 538**	**53 702 517**

All the other projects listed are not considered to be long outstanding or stopped.

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

	2021 R	2020 R
Employee related costs	-	-
Other materials	550 543	666 026
Contracted Services	829 190	2 608 696
Other Expenditure	366 957	142 313
	1 746 690	**3 417 034**

Impairment of property plant and equipment

Impairment charges on Property, plant and equipment recognised in statement of financial performance

	2021 R	2020 R
Infrastructure	14 132	21 898
Community Assets	-	-
Other	-	45
	14 132	**21 943**

Land is not controlled, but Example Municipality is the legal owner/custodian

	2021	2020
No of Low Cost Houses	1 721	1 721
Total	**1 721**	**1 721**

Key judgements and assumptions applied

- No right to direct access to land, and to restrict/deny the access of others
- Title deed holder
- Binding arrangement
- etc

Effect of changes in accounting estimates

The change in accounting estimate originated from the evaluation of the remaining useful lives of the assets at year end as well as the change in conditional assessment and further change to residual values.

2021 R	2020 R	2019 R
(5 318 418)	490 423	(60 948)

3 INTANGIBLE ASSETS

	2021 R	2020 R
Computer System & Software		
Net Carrying amount at 1 July	**187 015**	**271 609**
Cost	1 184 430	1 184 430
Accumulated Amortisation	(997 415)	(912 822)
Acquisitions	-	-
Disposals	-	-
Impairments	-	-
Amortisation	(63 297)	(84 594)
Disposals	-	-
Net Carrying amount at 30 June	**123 718**	**187 015**
Cost	1 184 430	1 184 430
Accumulated Amortisation	(1 060 712)	(997 415)

Description	Remaining Amortisation Period	Carrying Value 2021 R	Carrying Value 2020 R
SEBATA - Accounting System	1	2 026	6 079
Microsoft Office	1 - 3	16 129	22 937
Cemetery Module	1	829	2 486
Implementation of Sebata	1 - 3	52 690	73 383
MPLS	1	3 734	11 203
Business Plan Pro Premier	1	174	347
Developed Website	2	8 510	12 651
Mail exchange Server	2	39 626	57 928

No intangible asset were assed having an indefinite useful life.

No residual values allocated to intangible assets, as there is no active market for these software items after use, due to new versions being issued regularly.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

Effect of changes in accounting estimates

The change in accounting estimate originated from the evaluation of the remaining useful lives of the assets at year end as well as the change in conditional assessment.

2021 R	2020 R	2019 R
19 816	(25 970)	(16 641)

4 BIOLOGICAL ASSETS

	Quantity (Units)	Fair Value R	2021 R	2020 R
Springbuck	191	959.67	183 297	136 303
			183 297	136 303

Fair value of biological assets is based on hunting prices an open active market less costs to sell. Hunting prices were obtained from J & B Visser Boerdery to determine the fair value of game as at year end 30 June 2021

Reconciliation of fair value:

	2021	2020
Opening Fair Value	136 303	102 614
Acquisitions	38 421	26 958
Fair Value adjustments	8 574	6 731
Closing Fair Value	183 297	136 303

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 on a farm near Griekwastad. The primary activities revolving around biological assets are as follows:
- 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 hunting of game, resulting in an inflow of resources to the municipality.

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

5 CAPITALISED RESTORATION COST

		2021 R	2020 R
Net Carrying amount at 1 July		**0**	**0**
Cost		0	0
Balance previously reported		-	19 549 335
Reclassify vote 8009/8009/8001 from Capitalised restoration cost - Cost to PPE - Infrastructure - Capitalised Restoration cost	37.03	-	(19 549 335)
Accumulated Depreciation		(0)	(0)
Balance previously reported		-	(15 782 144)
Correction of capitalised restoration cost against accumulated surplus/(deficit) (Correction of opening balance accumulated depreciation as at 1 July 2019)	37.03	-	192 489
Reclassify vote 8010/8009/8001 from Capitalised restoration cost - Accumulated Depreciation to PPE - Infrastructure - Capitalised Restoration cost - Accumulated Depreciation	37.03	-	15 589 655
Accumulated Impairments		(0)	(0)
Balance previously reported		-	(40 313)
Correction of capitalised restoration cost against accumulated surplus/(deficit) (Correction of opening balance accumulated impairment as at 1 July 2019)	37.03	-	(105)
Reclassify vote 8012/8015/8001 from Capitalised restoration cost - Accumulated Impairment to PPE - Infrastructure - Capitalised Restoration cost - Accumulated Impairment	37.03	-	40 418
Acquisitions		-	-
Balance previously reported			1 031 511
Correction of capitalised restoration cost against non-current provision (Recording of capitalisation restoration and non-current provision addition adjustement on remaining useful lives for 2019/20)	37.03		(151 987)
Reclassify vote 8009/8009/8001 from Capitalised restoration cost - Cost to PPE - Infrastructure - Capitalised Restoration cost	37.03		(879 525)
Depreciation for the year		-	-
Balance previously reported			(3 268 990)
Correction of capitalised restoration cost against depreciation and amortisation (Correction of depreciation charge due to change in remaining useful lives for 2019/20)	37.03		286 564
Reclassify vote 8010/8009/8001 from Capitalised restoration cost - Accumulated Depreciation to PPE - Infrastructure - Capitalised Restoration cost - Accumulated Depreciation	37.03		2 982 426
(Impairment) / Reversal of Impairment		-	-
Balance previously reported			(6 959)
Correction of capitalised restoration cost against statement of financial performance - depreciation and amortisation (Correction of impairment charge due to change in remaining useful lives for 2019/20)	37.03		(1 962)
Reclassify vote 8012/8015/8001 from Capitalised restoration cost - Accumulated Impairment to PPE - Infrastructure - Capitalised Restoration cost - Accumulated Impairment	37.03		8 921
Net Carrying amount at 30 June		**0**	**0**
Cost		0	0
Accumulated Depreciation		(0)	(0)
Accumulated Impairments		(0)	(0)

6 INVENTORY

		2021 R	2020 R
Water – at Current Replacement Cost		2 786	2 576
Total Inventory		**2 786**	**2 576**

No inventory assets were pledged as security for liabilities.

7 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

		2021 R	2020 R
Service Receivables			
Water		45 968 033	37 783 968
Electricity		9 166 936	9 006 679
Refuse		24 844 406	20 374 809
Sewerage		28 622 301	23 361 577
Total Service Receivables		**108 601 676**	**90 527 033**
Less: Allowance for Doubtful Debts		-87 456 486	-70 162 821
Net Service Receivables		**21 145 190**	**20 364 212**
Other Receivables			
Other Debtors		7 040 907	5 166 056
Balance previously reported		-	5 135 450
Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Electricity (Capturing of paygate transactions 2019/20)	37.01	-	30 605
Other Arrears		2 141 372	1 782 452
Rent Bongani		-1	-1
Sundry Accounts		2 136 152	1 778 828
Other		5 221	3 625
Total Other Receivables		**9 182 279**	**6 948 508**
Less: Allowance for Doubtful Debts		-2 057 789	-1 643 343
Net Other Receivables		**7 124 490**	**5 305 165**
Total Net Receivables from Exchange Transactions		**28 269 680**	**25 669 377**

Ageing of Receivables from Exchange Transactions

	2021 R	2020 R
(Electricity): Ageing		
Current (0 - 30 days)	2 736 843	2 305 426
31 - 60 Days	372 759	678 556
61 - 90 Days	446 771	580 489
+ 90 Days	5 610 563	5 442 209
Total	**9 166 936**	**9 006 679**
(Water): Ageing		
Current (0 - 30 days)	2 408 040	2 169 867
31 - 60 Days	1 135 817	1 140 456
61 - 90 Days	1 045 390	993 405
+ 90 Days	41 378 785	33 480 241
Total	**45 968 033**	**37 783 968**
(Refuse): Ageing		
Current (0 - 30 days)	743 338	759 676
31 - 60 Days	612 101	616 386
61 - 90 Days	588 307	594 198
+ 90 Days	22 900 661	18 404 549
Total	**24 844 406**	**20 374 809**
(Sewerage): Ageing		
Current (0 - 30 days)	941 944	895 939
31 - 60 Days	741 508	720 927
61 - 90 Days	701 477	689 801
+ 90 Days	26 237 372	21 054 910
Total	**28 622 301**	**23 361 577**

7 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)

	2021 R	2020 R
(Other Receivables): Ageing		
Current (0 - 30 days)	115 093	36 467
31 - 60 Days	33 372	35 748
61 - 90 Days	33 226	35 543
+ 90 Days	1 959 681	1 674 694
Total	**2 141 372**	**1 782 452**

8 TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

		2021 R	2020 R
Service Receivables			
Taxes - Rates		59 259 278	31 244 375
Balance previously reported		-	31 720 689
Correction of Accumulated Surplus against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing prior to 1 July 2019)	37.02	-	-289 125
Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2019/20)	37.02	-	-187 188
Fines		12 189 147	12 270 005
Other Debtors		1 200 000	-
Total Service Receivables		**72 648 425**	**43 514 380**
Less: Allowance for Doubtful Debts		-56 647 046	-31 321 320
Net Service Receivables		**16 001 379**	**12 193 060**
Total Net Receivables from Non-Exchange Transactions		**16 001 379**	**12 193 060**

Ageing of Receivables from Non-Exchange Transactions

	2021 R	2020 R
(Rates): Ageing		
Current (0 - 30 days)	1 342 466	1 676 981
31 - 60 Days	1 181 143	475 186
61 - 90 Days	1 135 768	428 702
+ 90 Days	55 599 901	28 663 507
Total	**59 259 278**	**31 244 375**

9 TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Summary of Receivables by Customer Classification	**Residential, Industrial & Commercial R's**	**Other Debtors R's**	**National and Provincial Government R's**	**Total R's**
2021				
Total Receivables	152 054 944	14 859 205	22 318 231	189 232 380
Less: Provision for doubtful debts	-131 844 751	-14 316 570	-	-146 161 321
Total Recoverable debtors by customer classification	**20 210 193**	**542 635**	**22 318 231**	**43 071 059**

Summary of Receivables by Customer Classification	**Residential, Industrial & Commercial R's**	**Other Debtors R's**	**National and Provincial Government R's**	**Total R's**
2020				
Total Receivables	113 820 576	12 216 839	14 952 507	140 989 922
Less: Provision for doubtful debts	-91 692 910	-11 434 574	-	-103 127 484
Total Recoverable debtors by customer classification	**22 127 666**	**782 265**	**14 952 507**	**37 862 438**

9 TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS (CONTINUE)

Trade and other receivables impairment

2021	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	**(89 514 275)**	**(56 647 046)**	**(146 161 321)**

2020	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	**(71 806 164)**	**(31 321 320)**	**(103 127 484)**

Debts (Rates) are required to be settled after 30 days, interest is charged after this date at prime +1%.
The fair value of trade and other receivables approximates their carrying amounts.

Reconciliation of the Total doubtful debt provision	2021 R	2020 R
Balance at beginning of the year	103 127 485	83 327 292
Contributions to provision	50 051 457	32 428 170
VAT Impairment	3 717 572	3 406 193
Doubtful debts written off against provision	(10 844 702)	(16 929 229)
Fines	109 509	895 059
Balance at end of year	**146 161 321**	**103 127 485**

	2021 R	2020 R
10 OPERATING LEASE ARRANGEMENTS		
10.1 The Municipality as Lessor		
Balance on 1 July	42 973	90 973
Movement during the year	2 075	(48 000)
Balance on 30 June	45 047	42 973

Siyancuma Municipality is leasing commonage land to MTN for periods of 119 months with escalations of 6% per year.
Siyancuma Municipality is leasing commonage land in Griekwastad to Vodacom for periods of 59 months with escalations of 3.7% per year.
Siyancuma Municipality is leasing commonage land to various lessees with escalations of 12% per year till 30 June 2020.
Siyancuma Municipality is leasing commonage land in Breipaal to Vodacom for periods of 59 months with escalations of 3.7% per year.

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:	2021 R	2020 R
Up to 1 Year	104 126	111 080
2 to 5 Years	248 502	291 582
More than 5 Years	20 349	81 395
Total Operating Lease Arrangements	**372 976**	**484 057**

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land being leased out for a period until October 2026.

		2021 R	2020 R
11	**VAT (RECEIVABLE) / PAYABLE FROM EXCHANGE-TRANSACTIONS**		
	VAT Payable	27 645	29 629
	VAT Output in Suspense	11 702 606	10 307 960
	Total VAT Payable	**11 730 251**	**10 337 589**
	VAT Receivable	(1 107 178)	297 958
	VAT Input in Suspense	(17 361 112)	(17 936 998)
		(18 468 290)	**(17 639 040)**
	VAT Impairment contribution	**(11 675 775)**	**(9 366 021)**
		(18 413 814)	**(16 667 472)**

VAT is (receivable) / payable on the cash basis.

		2021 R	2020 R
12	**CASH AND CASH EQUIVALENTS**		
	Assets		
	Call Investments Deposits	1 510 629	2 384 430
	Primary Bank Account	1 653 334	1 389 290
	Cash Floats	550	550
	Total Cash and Cash Equivalents - Assets	3 164 513	3 774 270

The municipality has the following bank accounts:

Current Accounts

	2021	2020
Douglas - Std Bank Account number: 041667336000 (Third Primary Bank Account):	197 018	166 760
Douglas - FNB Account Number: 52090016612 (Second Primary Bank Account)	23 080	32 047
Douglas - ABSA Account number: 4087368160 (Primary Bank Account):	1 433 236	1 190 483
	1 653 334	1 389 290

	2021	2020
Douglas - Std Bank Account number: 041667336000 (Third Primary Bank Account):		
Cash book balance at beginning of year	166 760	3 847 288
Cash book balance at end of year	197 018	166 760
Bank statement balance at beginning of year	166 760	3 847 288
Bank statement balance at end of year	197 018	166 760
Douglas - FNB Account Number: 52090016612 (Second Primary Bank Account)		
Cash book balance at beginning of year	32 047	112 868
Cash book balance at end of year	23 080	32 047
Bank statement balance at beginning of year	32 047	112 868
Bank statement balance at end of year	23 080	32 047
Douglas - ABSA Account number: 4087368160 (Primary Bank Account):		
Cash book balance at beginning of year	1 190 483	2 319 208
Cash book balance at end of year	1 433 236	1 190 483
Bank statement balance at beginning of year	1 191 975	2 319 208
Bank statement balance at end of year	1 433 236	1 191 975

Call Investment Deposits

Call investment deposits consist out of the following accounts:

Bank	Account Number	2021	2020
Standard Bank	54792271	-	113 640
Standard Bank	54994621	-	9 000
Standard Bank	048857432	1 381 165	2 133 690
Standard Bank	048857521	59 825	59 195
Standard Bank	048860077	69 639	68 905
		1 510 628	2 384 429

13 LONG TERM LIABILITIES

	2021 R	2020 R
Capitalised Lease Liability - At amortised cost	5 285 077	6 712 587
	5 285 077	**6 712 587**
Less: Current Portion transferred to Current Liabilities	**2 616 231**	**2 220 711**
Annuity Loans - At amortised cost	-	-
Capitalised Lease Liability - At amortised cost	2 616 231	2 220 711
Total Long-term Liabilities - At amortised cost using the effective interest rate method	**2 668 846**	**4 491 876**

The obligations under finance leases are scheduled below:

	2021 R	2020 R
	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	3 561 919	3 549 017
Payable within two to five years	3 055 486	5 639 799
Payable after five years	-	-
	6 617 405	9 188 816
Less: Future finance obligations	(1 332 328)	(2 476 229)
Present value of lease obligations	**5 285 077**	**6 712 587**

Finance lease agreement is calculated at an interest rate of 9%-59%. With a last maturity date of 30 April 2026.

Refer to note 2 for the finance lease assets capitalised.

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

For each class of finance lease liability, the net carrying amount at the reporting date:

Description of leased item	Effective Interest	Lease Term	Maturity Date	2021 R	2020 R
PABX (R16700)	19.5%	5	30/09/2020	-	55 311
CCTV Cameras (R24000)	25.4%	5	31/01/2021	-	176 271
Biometric Access Control (R28500)	23.5%	5	30/06/2021	-	302 124
Smartmeters	19 to 57%	5	30/04/2026	4 581 660	6 178 881
Nashua - PABX and Routers	11 to 16%	3	31/07/2023	644 384	-
Nashua - PABX (Mayors Office)	7.0%	2.25	31/03/2023	59 034	
				5 285 077	6 712 587

The depreciation and the finance charge relating to the leased asset was included as part of the total depreciation and finance charges respectively. Please refer to note 2 and note 33

		2021 R	2020 R
14 EMPLOYEE BENEFITS			
Post Retirement Benefits	14.1	15 919 000	14 440 000
Long Service Awards	14.2	2 860 000	2 664 000
Total Non-current Employee Benefit Liabilities		**18 779 000**	**17 104 000**
Post Retirement Benefits			
Balance 1 July		15 143 000	17 506 926
Contribution for the year		(646 584)	(607 275)
Expenditure for the year		2 035 000	2 254 507
Actuarial Loss/(Gain)		(37 416)	(4 011 158)
Total post retirement benefits 30 June		**16 494 000**	**15 143 000**
Less: Transfer of Current Portion	17	(575 000)	(703 000)
Balance 30 June		15 919 000	14 440 000
Long Service Awards			
Balance 1 July		2 906 000	2 892 920
Contribution for the year		(248 140)	(451 548)
Expenditure for the year		444 000	458 522
Actuarial Loss		114 140	6 106
Total long service 30 June		**3 216 000**	**2 906 000**
Less: Transfer of Current Portion	17	(356 000)	(242 000)
Balance 30 June		**2 860 000**	**2 664 000**
TOTAL NON-CURRENT EMPLOYEE BENEFITS			
Balance 1 July		18 049 000	20 399 846
Contribution for the year		(894 724)	(1 058 824)
Expenditure for the year		2 479 000	2 713 029
Actuarial Loss/(Gain)		76 724	(4 005 052)
Total employee benefits 30 June		**19 710 000**	**18 049 000**
Less: Transfer of Current Portion	17	(931 000)	(945 000)
Balance 30 June		**18 779 000**	**17 104 000**

14.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:	2021 Number of members	2020 Number of members
In-service (employee) members	61	66
In-service (employee) non-members	114	0
Continuation members (e.g. Retirees, widows, orphans)	11	12
Total Members	**186**	**78**

The liability in respect of past service has been estimated to be as follows:	R	R
In-service (employee) members	9 737 000	7 849 000
In-service (non-employee) members	536 000	-
Continuation members	6 221 000	7 294 000
Total Liability	**16 494 000**	**15 143 000**

	2019 R	2018 R	2017 R
In-service members	9 703 435	9 902 418	11 303 646
Continuation members	7 803 491	7 963 512	6 938 444
Total Liability	**17 506 926**	**17 865 930**	**18 242 090**

		2021 R	2020 R
14	**EMPLOYEE BENEFITS (CONTINUE)**		

	2021	2020
Experience adjustments were calculated as follows:	**Rm**	**Rm**
Liabilities: (Gain) / loss	(1.960)	(0.667)
Assets: Gain / (loss)	-	-

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

	2019 Rm	2018 Rm	2017 Rm
Liabilities: (Gain) / loss	0.044	(0.898)	1.669
Assets: Gain / (loss)	-	-	-

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

Bonitas	Keyhealth	Samwumed
LA Health	Hosmed	

The Municipality's Accrued Unfunded Liability at 30 June 2021 is estimated at R16.494 million. The Current-service Cost for the year ending 30 June 2021 is estimated at R514 000. It is estimated to be R669 000 for the ensuing year.

Key actuarial assumptions used:	2021 %	2020 %
i) Rate of interest		
Discount rate	10.10%	9.36%
Health Care Cost Inflation Rate	6.85%	6.84%
Net Effective Discount Rate	3.04%	2.36%

ii) Mortality rates

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

iii) Normal retirement age

It has been assumed that in-service members will retire at the age of 62, which then implicitly allows for expected rates of early and ill-health retirement.

iv) Expected rate of salary increases

The next contribution rate increase is assumed to occur at 1 January 2022.

	2021 R	2020 R
Present value of fund obligations	16 494 000	15 143 000
Net liability/(asset)	**16 494 000**	**15 143 000**

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

	Note	2021 R	2020 R
Present value of fund obligation at the beginning of the year		15 143 000	17 506 926
Total expenses		1 388 416	1 647 232
Current service cost		514 000	647 090
Interest Cost		1 521 000	1 607 417
Benefits Paid		(646 584)	(607 275)
Actuarial (gains)/losses		(37 416)	(4 011 158)
Present value of fund obligation at the end of the year		16 494 000	15 143 000
Less: Transfer of Current Portion	17	(575 000)	(703 000)
Balance 30 June		**15 919 000**	**14 440 000**

		2021	2020
14	**EMPLOYEE BENEFITS (CONTINUE)**	**R**	**R**

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		10.273	6.221	16.494	
Health care inflation	1%	12.435	6.771	19.206	16%
Health care inflation	-1%	8.556	5.738	14.294	-13%
Discount Rate	1%	8.615	5.756	14.371	-13%
Discount Rate	-1%	12.385	6.759	19.144	16%
Post-retirement mortality	+1 year	9.992	5.988	15.980	-3%
Post-retirement mortality	-1 year	10.554	6.457	17.011	3%
Average retirement age	-1 year	11.280	6.221	17.501	6%
Contiuation of membership at retirement	-10%	8.984	6.221	15.205	-8%

Sensitivity Analysis on the Current Service Cost and Interest Costs

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		514 000	1 521 000	2 035 000	
Health care inflation	1%	630 000	1 755 000	2 385 000	17%
Health care inflation	-1%	423 000	1 330 000	1 753 000	-14%
Discount Rate	1%	431 000	1 468 000	1 899 000	-7%
Discount Rate	-1%	621 000	1 578 000	2 199 000	8%
Post-retirement mortality	-1 year	528 000	1 568 000	2 096 000	3%
Average retirement age	-1 year	570 000	1 600 000	2 170 000	7%
Contiuation of membership at retirement	-10%	451 000	1 422 000	1 873 000	-8%

14.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 175 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2021 is R239 000. The Current-service Cost for the ensuing year has been estimated to be R248 000.

Key actuarial assumptions used:	2021 %	2020 %
i) Rate of interest		
Discount rate	8.89%	8.12%
General Salary Inflation (long-term)	5.71%	5.53%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.01%	2.45%

Experience adjustments were calculated as follows:	2021 R	2020 R
Liabilities: (Gain) / loss	82 000	68 424
Assets: Gain / (loss)	-	-

				2021	2020
14	**EMPLOYEE BENEFITS (CONTINUE)**			**R**	**R**

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

	2019 R	2018 R	2017 R
Liabilities: (Gain) / loss	(11 112)	252 599	69 123
Assets: Gain / (loss)	-	-	-

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

	2021 R	2020 R
Present value of fund obligations	3 216 000	2 906 000
Net liability/(asset)	**3 216 000**	**2 906 000**

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

	2019 R	2018 R	2017 R
Total Liability	2 892 920	2 817 134	2 304 700

Reconciliation of present value of fund obligation:

		2021 R	2020 R
Present value of fund obligation at the beginning of the year		2 906 000	2 892 920
Total expenses		195 860	6 974
Current service cost		239 000	238 619
Interest Cost		205 000	219 903
Benefits Paid		(248 140)	(451 548)
Actuarial (gains)/losses		114 140	6 106
Present value of fund obligation at the end of the year		3 216 000	2 906 000
Less: Transfer of Current Portion	17	(356 000)	(242 000)
Balance as at 30 June		**2 860 000**	**2 664 000**

				2021	2020
14	**EMPLOYEE BENEFITS (CONTINUE)**			**R**	**R**

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	**Change**	**Liability (Rm)**	**% change**
Central assumptions		3.216	
General salary inflation	1%	3.397	6%
General salary inflation	-1%	3.049	-5%
Discount Rate	1%	3.043	-6%
Discount Rate	-1%	3.407	-5%
Average retirement age	-2 yrs.	3.421	6%
Average retirement age	2 yrs	2.631	-18%
Withdrawal rates	x2	2.704	-16%
Withdrawal rates	x0.5	3.552	10%

		2021	2020
14	**EMPLOYEE BENEFITS (CONTINUE)**	**R**	**R**

14.3 Retirement funds

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

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

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

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in an sound financial position with a funding level of 100.5% (30 June 2019 - 100.3%).

	2021	2020
Contributions paid recognised in the Statement of Financial Performance	2 909 073	2 848 484

IMATU PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future

	2021	2020
Contributions paid recognised in the Statement of Financial Performance	415 828	447 019

SALA PENSION FUND

The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future

	2021	2020
Contributions paid recognised in the Statement of Financial Performance	2 579 317	2 432 166

SAMWU PROVIDENT FUND

The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future

	2021	2020
Contributions paid recognised in the Statement of Financial Performance	772 978	745 873

			2021 R	2020 R
15	**NON-CURRENT PROVISIONS**			
	Provision for Rehabilitation of Landfill-sites		24 356 639	12 579 856
	Total Non-current Provisions		**24 356 639**	**12 579 856**

Landfill Sites

		2021	2020
Balance 1 July		26 955 188	24 845 795
(Decrease) / Increase in Estimate		(4 681 582)	879 525
Balance previously reported		-	1 031 511
Correction of capitalised restoration cost against non-current provision (Recording of capitalisation restoration and non-current provision addition adjustement on remaining useful lives for 2019/20)	37.05	-	(151 987)
Unwinding of discounted interest		2 083 034	1 229 868
Balance previously reported		-	1 164 274
Correction of non-current provisions against statement of financial performance - finance charges - landfill (Correction of interest charge due to change in remaining useful lives for 2019/20)	37.05	-	65 594
Total provision 30 June		**24 356 639**	**26 955 188**
Less: Transfer of Current Portion to Current Provisions	18	-	(14 375 332)
Balance 30 June		**24 356 639**	**12 579 856**

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

	Douglas	Campbell	Griekwastad
Area (m²)	20 544	5 710	15 108
Preliminary and general (Rand)	1 733 885	420 255	1 048 245
Site Clearance (Rand)	24 036	6 681	17 676
Storm water control measures (Rand)	1 380 609	614 184	1 279 870
Capping (Rand)	7 665 735	1 720 648	4 690 974
Gas Management (Rand)	-	-	-
Leachate Management (Rand)	441 905	232 673	450 219
Fencing (Rand)	1 157 774	11 999	11 999
Other costs	3 891 391	1 830 590	2 963 861

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

Location	**Estimated decommission date**	**Cost of rehabilitation** 2021 R	2020 R
Douglas	2034	9 460 202	14 375 332
Griekwastad	2024	10 186 953	8 608 437
Campbell	2024	4 709 484	3 971 419
		24 356 639	26 955 188

Material Assumtions used

Area of landfill site consumed	2019	2020	2021
Douglas	85.12%	94.92%	95.28%
Griekwastad	100.00%	100.00%	100.00%
Campbell	100.00%	100.00%	100.00%
Discount Rate used			
Douglas	6.15%	4.62%	4.62%
Griekwastad	6.15%	5.32%	5.32%
Campbell	6.15%	5.32%	5.32%

In terms of the licencing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R24356639 (2019: R26955188) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using a calculated risk free rate as determined by themunicipality, the government bond rate is used.

			2021	2020
16	**CONSUMER DEPOSITS**		**R**	**R**
	Water & Electricity		184 291	182 640
	Total Consumer Deposits		**184 291**	**182 640**

The fair value of consumer deposits approximate their carrying value. No discounting of consumer deposits is being performed due to the uncertainty of the timing of future repayments. Interest is not paid on these amounts.

			2021	2020
17	**CURRENT EMPLOYEE BENEFITS**		**R**	**R**
	Current Portion of Post Retirement Benefits	14	575 000	703 000
	Current Portion of Long-Service Awards	14	356 000	242 000
	Bonuses		1 254 761	1 033 400
	Staff Leave		2 209 713	1 284 097
	Total Current Employee Benefits		**4 395 474**	**3 262 496**

The movement in current employee benefits are reconciled as follows:

Bonuses

Balance at beginning of year	1 033 400	1 034 378
Contribution to current portion	3 185 178	2 760 376
Expenditure incurred	-2 963 816	-2 761 355
Balance at end of year	**1 254 761**	**1 033 400**

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle, that will only be paid out in the following year, on the employee's birth month. There is no possibility of reimbursement.

Staff Leave

Balance at beginning of year	1 284 097	3 392 645
Contribution to current portion	1 038 978	-2 033 664
Expenditure incurred	-113 361	-74 885
Balance at end of year	**2 209 713**	**1 284 097**

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.

			2021	2020
18	**PROVISIONS**		**R**	**R**
	Current Portion of Rehabilitation of Landfill-sites	15	-	14 375 332
	Total Provisions		**-**	**14 375 332**

19 PAYABLES FROM EXCHANGE TRANSACTIONS

		2021 R	2020 R
Trade Payables		186 609 844	190 241 906
Receivables with credit balances		776 663	1 698 667
Unspent grants		1 885 527	2 573 192
Sundry Payables		5 444 364	6 288 243
Balance previously reported			6 297 479
Correction of Statement of financial performance - Other revenue - sundry income against Trade and Other Payables - Sundry Payables (Correction of Commission earned in 2019/20 from third party payments)	37.06	-	-9 236
Total Trade Payables		**194 716 398**	**200 802 008**
Total Non-current Trade Payables from Exchange Transactions		**136 199 814**	**137 075 472**
Trade Payables		136 199 814	137 075 472
Total Current Trade Payables		**58 516 584**	**63 726 536**

No payables are secured.

Payables are being recognised net of any discounts.

Payables are not all 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

Non-Current Trade Payables are recognised as per payment arrangements entered into

20 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

	2021 R	2020 R
Unspent Grants	23 035 101	8 524 130
National and Provincial Government Grants	23 035 101	8 524 130
Other Sources	-	-
Less: Unpaid Grants	-	-
National and Provincial Government Grants	-	-
Other Sources	-	-
Total Conditional Grants and Receipts	**23 035 101**	**8 524 130**

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Library Project

Provincial Department - Library maintenance and Expenses

Financial Management Grant

National Treasury - Financial Management

Energy Efficiency grant

National Treasury - Electrical Maintenance

Municipal Infrastructure Grant

National Treasury - Municipal Infrastructure Improvement

LG Seta

Provincial Department - Personnel Training

Expanded Public Works Programme

National Treasury - Road Maintenance

INEG

National Treasury - Infrastructure development

RBIG

National Treasury - Infrastructure development

WSIG

National Treasury - Infrastructure development

Disaster Management Relief Grant - COVID 19

National Treasury - COVID 19 expenditure

			2021 R	2020 R
21	**PROPERTY RATES**			
	Actual			
	Rateable Land and Buildings		38 036 645	35 805 928
	Residential, Commercial Property, State		38 036 645	35 805 928
	Balance previously reported		-	35 993 116
	Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2019/20)	37.08	-	(187 188)
	Less: Rebates		(1 609 425)	(3 053 600)
	Total Assessment Rates		**36 427 220**	**32 752 328**
	Valuations - 1 July 2020			
	Rateable Land and Buildings		11 465 447 905	11 587 112 400
	Residential		792 875 500	786 886 500
	Business		398 308 500	414 311 500
	Governments		388 115 500	388 115 500
	Infrastructure		4 505 500	4 577 500
	Public Benefit Organisations		99 152 000	111 576 000
	Vacant land		56 849 700	60 180 700
	Agriculture		9 568 568 005	9 696 744 000
	Exempt Municipal and other		157 073 200	124 720 700
	Less: Income Forgone			
	Total Assessment Rates		**11 465 447 905**	**11 587 112 400**

Valuations on land and buildings must be performed every four years. The last valuation came into effect on 1 July 2019.

Rates are levied monthly and annually and are payable after due dates. Interest is levied at the prime rate plus 1% on outstanding amounts after due dates

			2021	2020
22	**GOVERNMENT GRANTS AND SUBSIDIES**		**R**	**R**
	Unconditional Grants		**52 642 000**	**49 714 000**
	Equitable Share	22.1	52 642 000	49 714 000
	Conditional Grants		**40 699 193**	**41 259 569**
	Library Project		1 200 000	1 062 000
	Local Government Financial Management Grant		3 000 000	2 880 000
	Equitable Share - Covid 19		7 711 000	-
	Municipal Infrastructure Grant		-	12 826 237
	LG Seta		1 053 400	519 600
	EPWP		1 031 000	1 010 000
	Regional Bulk Infrastructure Grant		-	-
	Integrated National Eletrification Grant		14 958 219	12 924 000
	Water Services Infrastructure Grant		11 745 574	7 001 732
	Pixley District Grant		-	-
	Electricity efficiency Grant		-	3 000 000
	Disaster Management Relief Grant - Covid 19		-	36 000
	Total Government Grants and Subsidies		**93 341 193**	**90 973 569**

Government Grants and Subsidies - Capital	**34 203 657**	**32 762 324**
Municipal Infrastructure Grant	-	12 826 237
Regional Bulk Infrastructure Grant	-	-
Integrated National Eletrification Grant	14 958 219	12 924 000
Water Services Infrastructure Grant	11 745 574	7 001 732
Equitable Share - Covid 19	7 499 864	-
Disaster Management Relief Grant - Covid 19	-	10 355
Government Grants and Subsidies - Operating	**59 137 536**	**58 211 245**
Equitable Share	52 642 000	49 714 000
Equitable Share - Covid 19	211 136	
Library Project	1 200 000	1 062 000
Local Government Financial Management Grant	3 000 000	2 880 000
LG Seta	1 053 400	519 600
EPWP	1 031 000	1 010 000
Electricity efficiency Grant	-	3 000 000
Disaster Management Relief Grant - Covid 19	-	25 645
	93 341 193	**90 973 569**

Grant spending per vote:

Executive & Council	-	-
Corporate Services	1 053 400	555 600
Budget & Treasury	63 353 000	52 594 000
Community & Social Services	1 200 000	1 062 000
Road Transport	1 031 000	1 010 000
Electricity	14 958 219	27 465 753
Water	-	-
Waste Water Management	11 745 574	8 286 217
	93 341 193	**90 973 569**

Conditions were complied with during the year.

22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)

22.1 Equitable share

	2021 R	2020 R
Opening balance	-	-
Grants received	54 523 192	49 714 000
Transfer from MIG due to roll over not approved on MIG	5 829 808	-
Conditions met - Operating	(52 853 136)	(49 714 000)
Conditions met - Capital	(7 499 864)	-
Conditions still to be met	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

22.2 Local Government Financial Management Grant (FMG)

	2021 R	2020 R
Opening balance	-	-
Grants received	3 000 000	2 880 000
Conditions met - Operating	(3 000 000)	(2 880 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

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

22.3 Municipal Infrastructure Grant (MIG)

	2021 R	2020 R
Opening balance	7 715 336	3 933 573
Grants received	12 321 000	16 608 000
Transfer to Equitable Share due to roll over not approved on MIG	(5 829 808)	-
Transfer to Sundry Payable due to roll over not approved on MIG	(1 885 527)	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(12 826 237)
Grant expenditure to be recovered	12 321 000	7 715 336

The grant was used to upgrade infrastructure in previously disadvantaged areas.

22.4 Expanded Public Works Program (EPWP)

	2021 R	2020 R
Opening balance	-	-
Grants received	1 031 000	1 010 000
Transfer to Equitable Share due to roll over not approved on EPWP	-	-
Conditions met - Operating	(1 031 000)	(1 010 000)
Conditions met - Capital	-	-
Grant expenditure to be recovered	-	-

The grant was used for infrastructure development in the Siyancuma area.

22.5 Library Grants

	2021 R	2020 R
Opening balance	-	-
Grants received	1 200 000	1 062 000
Conditions met - Operating	(1 200 000)	(1 062 000)
Conditions met - Capital	-	-
Grant expenditure to be recovered	-	-

Library grants was utilised for the development of libraries in the Siyancuma area.

22.6 Water Services Infrastructure Grant (WSIG)

	2021 R	2020 R
Opening balance	(0)	1 732
Grants received	21 749 000	7 000 000
Transfer to Equitable Share due to roll over not approved on WSIG	-	-
Transfer to Sundry Payable due to roll over not approved on WSIG	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(11 745 574)	(7 001 732)
Grant expenditure to be recovered	10 003 426	(0)

The Water Services Infrastructure Grant was used for the upgrading of the bulk water services within the Siyancuma areas.

		2021 R	2020 R
22	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)**		

22.7 Integrated National Electrification Grant (INEG)

	2021 R	2020 R
Opening balance	-	-
Grants received	15 000 000	12 924 000
Transfer to Equitable Share due to roll over not approved on INEP	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(14 958 219)	(12 924 000)
Conditions still to be met	41 781	-

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

22.8 Other Grants

	2021 R	2020 R
Opening balance	808 794	658 154
Grants received	913 500	3 706 240
Conditions met - Operating	(1 053 400)	(3 545 245)
Conditions met - Capital	-	(10 355)
Conditions still to be met	668 894	808 794

Various grants were received from other spheres of government

22.9 Total Grants

	2021 R	2020 R
Opening balance	8 524 130	4 593 459
Grants received	117 448 692	94 904 240
Transfers	(1 885 527)	-
Conditions met - Operating	(59 348 673)	(58 211 245)
Conditions met - Capital	(41 703 520)	(32 762 324)
Conditions still to be met/(Grant expenditure to be recovered)	**23 035 101**	**8 524 130**

Disclosed as follows:

	2021 R	2020 R
Unspent Conditional Government Grants and Receipts	23 035 101	8 524 130
Unpaid Conditional Government Grants and Receipts	-	-
	23 035 101	**8 524 130**

23 PUBLIC CONTRIBUTIONS AND DONATIONS

	2021 R	2020 R
Donations	1 071 111	312 111
Service-in-kind	961 109	1 020 899
Total Public Contributions and Donations	**2 032 220**	**1 333 009**

Donations received is due to financial assistance received from National Treasury with regards to the Auditor General's prior period audit fees and outstanding interest for R1 036 111

Service-in-kind is recognised due to the Department of Roads & Public Works which has seconded Mr. MF Fillies to act as Municipal Manager at Siyancuma Local Municipality.

Nashua donated R35 000 during the year for the year end function expenditure.

24 CONTRIBUTED PPE

	2021 R	2020 R
Department of Health - Covid 19 water distribution - Jo-Jo tanks and structures	-	610 910
Total changes in fair value	**-**	**610 910**

Contributed PPE represents all assets donated to the muncipality - refer to note 2 for the inclusion of assets.

25 SERVICE CHARGES

		2021 R	2020 R
Electricity		41 050 809	40 274 874
Service Charges		43 577 402	42 438 695
Balance previously reported			42 408 090
Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Electricity (Capturing of paygate transactions 2019/20)	37.08		30 605
Less: Revenue Forgone		(2 526 594)	(2 163 821)
Water		20 304 735	24 926 330
Service Charges		21 929 793	26 061 686
Less: Revenue Forgone		(1 625 059)	(1 135 356)
Refuse removal		5 846 375	9 343 841
Service Charges		10 923 840	13 390 629
Less: Revenue Forgone		(5 077 465)	(4 046 788)
Sewerage and Sanitation Charges		7 816 178	10 343 360
Service Charges		13 270 429	14 620 330
Less: Revenue Forgone		(5 454 251)	(4 276 970)
Other Service Charges		-	-
Total Service Charges		**75 018 097**	**84 888 405**

Revenue Foregone 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.

26 AVAILABILITY CHARGES

	2021 R	2020 R
Electricity	265 309	-
Water	145 975	-
Total Availability Charges	**411 283**	**-**

27 OTHER REVENUE

		2021 R	2020 R
Sundry income		426 411	576 439
Balance previously reported		-	567 203
Correction of Statement of financial performance - Other revenue - sundry income against Trade and Other Payables - Sundry Payables (Correction of Commission earned in 2019/20 from third party payments)	37.08	-	9 236
Insurance income		46 305	11 449
Legal cost received		77	3 494
Cemetery fees		58 301	47 619
Other income represents administration income		138 539	368 732
Total Other Income		**669 633**	**1 007 733**

Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) an fees for items not included under service charges (camping, fire brigade and impounding fees)

28	EMPLOYEE RELATED COSTS		2021 R	2020 R
	Employee Related Costs - Salaries and Wages		40 318 041	40 299 703
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids		10 623 307	10 408 875
	Travelling Allowances		2 261 083	2 382 117
	Acting Allowance		19 056	9 678
	Cellphone Allowance		337 700	376 600
	Standby Allowance		1 095 705	1 228 355
	Housing Benefits and Allowances		422 061	378 349
	Overtime		4 275 425	4 144 268
	Bargaining Council		19 781	19 051
	Bonuses		3 185 178	2 760 377
	Provision for staff leave		1 038 978	(2 033 663)
	Contribution to provision - Long Service Awards	14	238 999	238 619
	Contribution to provision - Post Retirement Medical	14	514 000	647 090
	Total Employee Related Costs		**64 349 314**	**60 859 419**

		2021 R	2020 R
28	**EMPLOYEE RELATED COSTS**		

KEY MANAGEMENT PERSONNEL

There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2021 R	2020 R
Remuneration of the Municipal Manager (MF Fillis)		
Annual Remuneration	1 405 109	1 464 899
Cellphone Allowance	51 600	48 600
Housing Allowance	48 000	48 000
Transport Logsheets	150 493	162 256
Total	**1 655 203**	**1 723 754**
Remuneration of the Chief Financial Officer (CC Zealand)		
Annual Remuneration	649 164	657 022
Travelling Allowance	193 589	190 074
Contributions to UIF, Medical and Pension Funds	241 085	236 629
Cellphone Allowance	44 400	41 400
Transport Logsheets	1 691	33 290
Total	**1 129 929**	**1 158 414**
Remuneration of the Director Corporate and Community Services (J Marwane)		
Annual Remuneration	721 818	728 357
Travelling Allowance	165 231	162 231
Contributions to UIF, Medical and Pension Funds	196 789	193 137
Cellphone Allowance	44 400	41 400
Transport Logsheets	-	7 993
Total	**1 128 238**	**1 133 118**
Remuneration of the Director Infrastructure Services (XS Geco)		
Annual Remuneration	754 787	760 728
Travelling Allowance	123 360	121 120
Contributions to UIF, Medical and Pension Funds	205 691	201 877
Cellphone Allowance	44 400	41 400
Transport Logsheets	-	17 319
Total	**1 128 238**	**1 142 444**

			2021 R	2020 R
29	**REMUNERATION OF COUNCILLORS**			
Executive Mayor:	Allowances	**(PJ McKlein)**	604 550	634 407
	Cell phone Allowance		44 400	44 400
	Backpay		-	28 419
	Travelling		272 634	194 412
Councillors:	Allowances		2 765 603	2 839 608
	Cell phone Allowance		532 800	502 200
	Backpay		-	130 006
	Travelling		1 012 497	889 366
Total Councillors' Remuneration			**5 232 483**	**5 262 819**

Year ended 30 JUNE 2021	Allowances	Cell phone Allowance	Backpay	Travelling
Councillors	**2 765 603**	**532 800**	**-**	**1 012 497**
JH George	483 640	44 400	-	167 323
SJ Mosetle	252 946	44 400	-	92 504
A Oliphant	191 318	44 400	-	99 062
L van Niekerk	252 946	44 400	-	84 315
DV Smous	191 318	44 400	-	64 694
KJ Apie	191 318	44 400	-	73 660
TM Tamboer	191 318	44 400	-	63 773
GF Morolong	245 525	44 400	-	81 842
EM Fish	191 318	44 400	-	63 773
DV Duiker	191 318	44 400	-	86 707
L van Wyk	191 318	44 400	-	63 773
VZ Standers	191 318	44 400	-	71 072

Year ended 30 JUNE 2020	Allowances	Cell phone Allowance	Backpay	Travelling
Councillors	**2 839 608**	**502 200**	**130 006**	**889 366**
JH George	466 588	44 400	22 735	155 529
SJ Mosetle	292 351	44 400	11 891	81 342
A Oliphant	230 915	44 400	8 993	61 524
L van Niekerk	249 209	44 400	11 891	81 342
DV Smous	186 246	44 400	8 993	61 524
KJ Apie	194 169	44 400	8 993	61 524
TM Tamboer	184 573	44 400	8 993	61 524
GF Morolong	236 869	44 400	11 542	78 956
EM Fish	184 573	44 400	8 993	61 524
DV Duiker	237 306	44 400	8 993	61 524
L van Wyk	185 542	44 400	8 993	61 524
VZ Standers	191 266	13 800	8 993	61 524

In-kind Benefits

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

			2021 R	2020 R
30	**BAD DEBTS WRITTEN OFF**			
	Trade Receivables from non-exchange transactions	8	51 429	579 596
	Trade Receivables from exchange transactions	7	10 793 273	16 349 632
	Less: VAT	11	(1 407 818)	(2 132 561)
	Total Bad Debts written off		**9 436 884**	**14 796 668**

			2021 R	2020 R
31	**DEBT IMPAIRMENT / (REVERSAL)**			
	Trade Receivables from exchange transactions	7	17 708 111	9 764 511
	Trade Receivables from non-exchange transactions	8	25 325 726	10 035 682
	Less: VAT Debt Impairment Provision	11	(2 309 754)	(1 273 632)
	Total Contribution to Impairment Provision		**40 724 083**	**18 526 561**

		2021 R	2020 R
32	**IMPAIRMENTS**		
	Property, Plant and Equipment	23 672	21 943
	During the fixed asset verification of 2020/2021 - a borehole fence and section of road was damaged beyond repair and are to be impaired as they are broken and cannot be used. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or (its value in use).		
	During the fixed asset verification of 2019/2020 - tables, desks and chairs and water storage tank were damaged beyond repair and are to be impaired as they are broken and cannot be used. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or (its value in use).		
	Total Impairment Loss/ (Reversal of Impairment Loss)	23 672	21 943

Value in use

Value in use of the movable assets and infrastructure assets were determined as R0 as these items cannot be used in the future as they are broken and and will not provide value in use in the current period or future periods.

			2021 R	2020 R
33	**FINANCE CHARGES**			
	Long-term Liabilities		1 398 134	1 919 157
	Payables & Creditors		1 631 803	14 707 303
	Actuarial Interest		1 726 000	1 827 320
	Landfill Sites		2 083 034	1 229 868
	Balance previously reported			1 164 274
	Correction of non-current provisions against statement of financial performance - finance charges - landfill (Correction of interest charge due to change in remaining useful lives for 2019/20)	37.08		65 594
	Total finance charges		**6 838 971**	**19 683 648**
34	**BULK PURCHASES**			
	Electricity		48 765 863	45 126 857
	Water		888 060	781 306
	Purchases		1 076 590	919 299
	Less Stock Adjustments		(188 530)	(137 993)
	Stock adjustments		188 530	137 993
	Total Bulk Purchases		**49 842 453**	**46 046 156**

			2021 R	2020 R
35	**DEPRECIATION AND AMORTISATION**			
	Property, Plant and Equipment		9 183 595	11 780 815
	Intangible Assets		63 297	84 594
	Capitalised Restoration costs		-	-
	Balance previously reported			3 275 949
	Correction of capitalised restoration cost against depreciation and amortisation (Correction of depreciation charge due to change in remaining useful lives for 2019/20)	37.03		(286 564)
	Correction of capitalised restoration cost against statement of financial performance - depreciation and amortisation (Correction of impairment charge due to change in remaining useful lives for 2019/20)	37.03		1 962
	Total finance charges		**9 246 892**	**11 865 409**

		2021 R	2020 R
36	**GENERAL EXPENSES**		
	Advertisements	54 177	5 429
	Audit fees	2 649 406	2 972 917
	Bank charges	394 309	466 911
	Chemicals	492 421	349 998
	Cleaning costs	85 559	76 749
	Contracted Services	21 309	21 309
	Commission paid	-	189
	Delegation fees	136 671	492 283
	Drop safe rental	161 951	177 071
	Entertainment: public	55 576	12 938
	Environmental health	241 434	250 878
	Insurance cost	770 562	627 480
	Legal expenses	23 325	179 117
	Membership fees: municipal	735 996	698 166
	Meter Management Fees	445 019	829 125
	Other expenditure	355	57 995
	Printing & stationary	1 111 112	1 490 273
	Professional and consultant	6 088 816	6 930 910
	Purchase of refuse bags	-	15 298
	Telephone expenses	737 666	499 504
	Training	97 722	244 655
	Valuation fees	125 217	579 646
	Security	-	-
	Skills development Levy	549 339	450 562
	Subsistence and travel	306 265	525 735
	Vehicles: fuel	817 313	853 758
	Vehicles: licences	108 353	210 958
	Ward Committee	531 400	689 200
	General Expenses	**16 741 273**	**19 709 054**

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

			2020 R
37	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		

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

37.01	**Trade Receivables from exchange transactions**		
	Disclosure as required by GRAP 1.		
	Balance previously reported		**25 638 772**
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Electricity (Capturing of paygate transactions 2019/20)	37.08	30 605
	Total		**25 669 377**
37.02	**Trade Receivables from Non-exchange transactions**		
	Disclosure as required by GRAP 1.		
	Balance previously reported		**12 669 374**
	Correction of Accumulated Surplus against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing prior to 1 July 2019)	37.07	-289 125
	Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2019/20)	37.08	-187 188
	Total		**12 193 060**
37.03	**Capitalised Restoration Costs**		
	Disclosure as required by GRAP 1.		
	Balance previously reported		**1 482 441**
	Correction of capitalised restoration cost against accumulated surplus/(deficit) (Correction of opening balance accumulated depreciation as at 1 July 2019)	37.07	192 489
	Correction of capitalised restoration cost against accumulated surplus/(deficit) (Correction of opening balance accumulated impairment as at 1 July 2019)	37.07	-105
	Correction of capitalised restoration cost against non-current provision (Recording of capitalisation restoration and non-current provision addition adjustement on remaining useful lives for 2019/20)	37.05	-151 987
	Correction of capitalised restoration cost against depreciation and amortisation (Correction of depreciation charge due to change in remaining useful lives for 2019/20)	37.08	286 564
	Correction of capitalised restoration cost against statement of financial performance - depreciation and amortisation (Correction of impairment charge due to change in remaining useful lives for 2019/20)	37.08	-1 962
	Reclassify vote 8009/8009/8001 from Capitalised restoration cost - Cost to PPE - Infrastructure - Capitalised Restoration cost	37.04	-19 549 335
	Reclassify vote 8010/8009/8001 from Capitalised restoration cost - Accumulated Depreciation to PPE - Infrastructure - Capitalised Restoration cost - Accumulated Depreciation	37.04	15 589 655
	Reclassify vote 8012/8015/8001 from Capitalised restoration cost - Accumulated Impairment to PPE - Infrastructure - Capitalised Restoration cost - Accumulated Impairment	37.04	40 418
	Reclassify vote 8009/8009/8001 from Capitalised restoration cost - Cost to PPE - Infrastructure - Capitalised Restoration cost	37.04	-879 525
	Reclassify vote 8010/8009/8001 from Capitalised restoration cost - Accumulated Depreciation to PPE - Infrastructure - Capitalised Restoration cost - Accumulated Depreciation	37.04	2 982 426
	Reclassify vote 8012/8015/8001 from Capitalised restoration cost - Accumulated Impairment to PPE - Infrastructure - Capitalised Restoration cost - Accumulated Impairment	37.04	8 921
	Total		**0**
37.04	**Property, Plant & Equipment**		
	Disclosure as required by GRAP 1.		
	Balance previously reported		**423 957 947**
	Reclassify vote 8009/8009/8001 from Capitalised restoration cost - Cost to PPE - Infrastructure - Capitalised Restoration cost	37.03	19 549 335
	Reclassify vote 8010/8009/8001 from Capitalised restoration cost - Accumulated Depreciation to PPE - Infrastructure - Capitalised Restoration cost - Accumulated Depreciation	37.03	-15 589 655
	Reclassify vote 8012/8015/8001 from Capitalised restoration cost - Accumulated Impairment to PPE - Infrastructure - Capitalised Restoration cost - Accumulated Impairment	37.03	-40 418
	Reclassify vote 8009/8009/8001 from Capitalised restoration cost - Cost to PPE - Infrastructure - Capitalised Restoration cost	37.03	879 525
	Reclassify vote 8010/8009/8001 from Capitalised restoration cost - Accumulated Depreciation to PPE - Infrastructure - Capitalised Restoration cost - Accumulated Depreciation	37.03	-2 982 426
	Reclassify vote 8012/8015/8001 from Capitalised restoration cost - Accumulated Impairment to PPE - Infrastructure - Capitalised Restoration cost - Accumulated Impairment	37.03	-8 921
	Total		**425 765 386**

37 CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

37.05 Non-Current Provisions

Disclosure as required by GRAP 1.

		2020 R
Balance previously reported		**27 041 581**
Correction of capitalised restoration cost against non-current provision (Recording of capitalisation restoration and non-current provision addition adjustement on remaining useful lives for 2019/20)	37.03	-151 987
Correction of non-current provisions against statement of financial performance - finance charges - landfill (Correction of interest charge due to change in remaining useful lives for 2019/20)	37.08	65 594
Total		**26 955 188**

37.06 Payables from exchange transactions

Disclosure as required by GRAP 1.

Balance previously reported		**200 811 244**
Correction of Statement of financial performance - Other revenue - sundry income against Trade and Other Payables - Sundry Payables (Correction of Commission earned in 2019/20 from third party payments)	37.08	-9 236
Total		**200 802 008**

37.07 Accumulated Surplus/(Deficit)

Disclosure as required by GRAP 1.

		2020 R
Balance previously reported		**220 920 465**
Correction of capitalised restoration cost against accumulated surplus/(deficit) (Correction of opening balance accumulated depreciation as at 1 July 2019)	37.03	192 489
Correction of capitalised restoration cost against accumulated surplus/(deficit) (Correction of opening balance accumulated impairment as at 1 July 2019)	37.03	-105
Correction of Accumulated Surplus against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing prior to 1 July 2019)	37.02	-289 125
Total		**220 823 723**

37.08 Changes to Statement of Financial Performance

		2020 R
Balance previously reported		**18 488 537**
Correction of non-current provisions against statement of financial performance - finance charges - landfill (Correction of interest charge due to change in remaining useful lives for 2019/20)	37.05	-65 594
Correction of capitalised restoration cost against depreciation and amortisation (Correction of depreciation charge due to change in remaining useful lives for 2019/20)	37.03	286 564
Correction of capitalised restoration cost against statement of financial performance - depreciation and amortisation (Correction of impairment charge due to change in remaining useful lives for 2019/20)	37.03	-1 962
Correction of Statement of financial performance - Other revenue - sundry income against Trade and Other Payables - Sundry Payables (Correction of Commission earned in 2019/20 from third party payments)	37.06	9 236
Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2019/20)	37.02	-187 188
Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Electricity (Capturing of paygate transactions 2019/20)	37.01	30 605
Total		**18 560 198**

		2021 R	2020 R
38	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	24 136 986	18 560 198
	Adjustments for:		
	Depreciation	9 183 595	11 789 736
	Amortisation of Intangible Assets	63 297	84 594
	Contributed PPE	-	(610 910)
	Impairments	14 132	21 943
	(Gain)/ loss on disposal of Property Plant and Equipment	265 220	402 263
	(Gain)/ loss from landfill cost reversal	(4 781 239)	-
	Contribution from/to employee benefits - benefits paid	(894 724)	(1 058 824)
	Contribution from/to employee benefits - non-current - expenditure incurred	2 479 000	2 713 029
	Contribution from/to employee benefits - non-current - actuarial gains	76 724	(4 005 052)
	Contribution to employee benefits – current	4 224 156	726 713
	Contribution to employee benefits – current - expenditure incurred	(3 077 178)	(2 836 240)
	Contribution to provisions – current	2 083 034	1 229 868
	Contribution to provisions – Debt Impairment	53 878 538	36 729 422
	Bad Debt written off	(10 844 702)	(16 929 229)
	Fair Value Adjustments	(46 994)	(33 689)
	Operating lease income accrued	(2 075)	48 000
	Operating Surplus/(Deficit) before changes in working capital	76 757 771	46 831 822
	Changes in working capital	(42 763 649)	(17 137 593)
	Increase/(Decrease) in Payables From Exchange Transactions	(8 615 486)	19 224 090
	Increase/(Decrease) in Payables From Exchange Transactions - Capital expenditure	2 529 876	322 752
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	14 510 971	3 930 670
	(Increase)/Decrease in Taxes	(1 746 342)	(2 426 458)
	(Increase)/Decrease in Inventory	(210)	198
	(Increase)/Decrease in Trade Receivables from exchange transactions	(20 308 414)	(19 324 894)
	(Increase)/Decrease in Other Receivables from non-exchange transactions	(29 134 045)	(18 863 951)
	Cash generated/(absorbed) by operations	**31 464 246**	**29 371 478**

			2021 R	2020 R
39	**CASH AND CASH EQUIVALENTS**			
	Cash and cash equivalents included in the cash flow statement comprise the following:			
	Call Investments Deposits	12	1 510 629	2 384 430
	Cash Floats	12	550	550
	Bank	12	1 653 334	1 389 290
	Total cash and cash equivalents		**3 164 513**	**3 774 270**
40	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**			
	Cash and Cash Equivalents	39	3 164 513	3 774 270
			3 164 513	3 774 270
	Less:		23 035 101	8 524 130
	Unspent Committed Conditional Grants - Prior year - Still to be withheld	20	850 575	-
	Unspent Committed Conditional Grants - Current year		22 184 526	8 524 130
	Resources available for working capital requirements		**(19 870 588)**	**(4 749 860)**
41	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**			
	Long-term Liabilities	13	5 285 077	9 555 078
	Used to finance property, plant and equipment - at cost		-5 285 077	-9 555 078
			-	-
	Cash set aside for the repayment of long-term liabilities		-	-
	Cash invested for repayment of long-term liabilities		**-**	**-**

		2021 R	2020 R
42	**BUDGET INFORMATION**		

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

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

The comparable information includes the following:

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

Explanations for differences between the approved and final budget are included in the additional Statement of comparison of budget and actual amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of comparison of budget and actual amounts.

		2021 R	2020 R
43	**CASH FLOW PRESENTATION**		

The Cash flow statement has been prepared on the direct method as in accordance with GRAP 2. The comparative amounts have been adjusted with any changes made to the comparative amounts as disclosed in Note 37.

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

44.1 Unauthorised expenditure

	2021 R	2020 R
Reconciliation of unauthorised expenditure:		
Opening balance	91 038 784	33 084 032
Unauthorised expenditure current year - capital	6 510 138	12 372 155
Unauthorised expenditure current year - operating	47 557 972	45 582 597
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	**145 106 894**	**91 038 784**

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	*None*

Unauthorised expenditure current year - operating	2021 R (Actual)	2021 R (Budget)	2021 R (Variance)	2021 R (Unauthorised)
Executive & Council	8 051 708	12 673 148	(4 621 441)	-
Budget & Treasury	30 439 699	35 801 881	(5 362 181)	-
Corporate Services	59 233 133	21 497 711	37 735 422	37 735 422
Health	-	-	-	-
Community & Social Services	2 589 676	3 248 620	(658 944)	-
Public Safety	1 832 990	3 118 650	(1 285 660)	-
Sport & Recreation	355 326	655 315	(299 989)	-
Waste Management	5 330 493	2 863 476	2 467 017	2 467 017
Waste Water Management	12 231 143	9 431 385	2 799 758	2 799 758
Road Transport	10 804 383	12 141 800	(1 337 417)	-
Water	17 226 121	11 363 924	5 862 198	5 862 198
Electricity	56 420 444	62 900 103	(6 479 659)	-
	204 515 117	**175 696 014**	**28 819 103**	**48 864 395**

Unauthorised expenditure current year - operating (per vote)	Actual	Budget	Variance	Unauthorised
Municipal Manager	2 419 477	3 635 060	(1 215 583)	-
Council	8 051 708	9 038 088	(986 381)	-
Corporate and Human Resources	56 765 744	21 497 711	35 268 033	35 268 033
Finance	29 851 018	35 067 726	(5 216 707)	-
Properties	924 061	734 155	189 906	189 906
Libraries	2 018 831	2 396 426	(377 595)	-
Cemetary	610 535	852 194	(241 659)	-
Parks and Recreation	605 550	655 315	(49 765)	-
Disaster Management	131 110	212 230	(81 119)	-
Waste Management	5 264 278	2 863 476	2 400 802	2 400 802
Public Works	10 809 446	12 141 800	(1 332 354)	-
Electricity	54 752 265	62 900 103	(8 147 838)	-
Water	18 130 639	11 363 924	6 766 716	6 766 716
Waste Water Management	12 363 900	9 431 385	2 932 515	2 932 515
Traffic	1 816 553	2 906 421	(1 089 867)	-
	204 515 117	**175 696 014**	**28 819 103**	**47 557 972**

Unauthorised expenditure current year - capital	2021 R (Actual)	2021 R (Budget)	2021 R (Variance)	2021 R (Unauthorised)
Executive & Council	1 827 656	-	1 827 656	1 827 656
Budget & Treasury	89 746	1 000 000	(910 254)	-
Corporate Services	4 682 482	-	4 682 482	4 682 482
Planning & Development	-	-	-	-
Health	-	-	-	-
Community & Social Services	-	-	-	-
Waste Management	-	3 070 878	(3 070 878)	-
Waste Water Management	8 845 505	20 514 357	(11 668 852)	-
Road Transport	-	8 000 000	(8 000 000)	-
Water	3 389 653	9 545 764	(6 156 111)	-
Electricity	14 344 516	15 000 000	(655 484)	-
	33 179 559	**57 131 000**	**(23 951 441)**	**6 510 138**

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE) **2021 R** **2020 R**

Unauthorised expenditure current year - capital (per vote)

	R (Actual)	R (Budget)	R (Variance)	R (Unauthorised)
Council	1 827 656	-	1 827 656	1 827 656
Corporate and Human Resources	4 682 482	-	4 682 482	4 682 482
Finance	89 746	1 000 000	(910 254)	-
Waste Management	-	3 070 878	(3 070 878)	-
Public Works	-	8 000 000	(8 000 000)	-
Electricity	14 344 516	15 000 000	(655 484)	-
Water	3 389 653	9 545 764	(6 156 111)	-
Waste Water Management	8 845 505	20 514 357	(11 668 852)	-
	33 179 559	**57 131 000**	**(23 951 441)**	**6 510 138**

The over expenditure incurred by municipal departments on their operating budgets	2021 R	2020 R
Non-cash	46 986 908	36 008 278
Cash	571 065	9 574 319
	47 557 972	**45 582 597**

Analysed as follows: Non-cash	2021 R	2020 R
Employee related cost (Actuarial Valuations)	1 726 000	1 827 320
Depreciation and Amortisation	2 439 658	12 180 874
Finance Charges (Interest portion of Provision for Rehabilitation of Landfill-sites)	2 083 034	1 164 274
Finance Charges (Actuarial Interest)	-	1 906 983
Loss on disposal of Property, Plant and Equipment	-	402 263
Impairment Losses	14 132	-
Debt Impairment	40 724 083	18 526 563
	46 986 908	**36 008 278**

Analysed as follows: Cash	2021 R	2020 R
Other	571 065	9 574 319
	571 065	**9 574 319**

44.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

	2021	2020
Opening balance	30 307 839	15 600 118
Fruitless and wasteful expenditure current year	-	14 707 721
Fruitless and wasteful expenditure prior year	82 294	-
Condoned or written off by Council	-	-
Fruitless and wasteful expenditure awaiting condonement	**30 390 133**	**30 307 839**

Incident	Disciplinary steps/criminal proceedings	2021	2020
2019 - Interest and Penalty's paid to SARS on EMP 201 returns amounting to R72 645.42	*None*	-	72 645
2019 - Interest for the late payment on Auditor General's account R80 623.89	*None*	-	80 624
2019 - Interest for the late payment on Eskom's account R15 253 457.03	*None*	-	15 253 457
2019 - Interest for the late payment on Nashua account R146 839.67	*None*	-	146 840
2019 - Interest for the late payment on various different vendors' accounts R46 552.37	*None*	-	46 552
2020 - Interest and Penalty's paid to SARS on EMP 201 returns amounting to R58.63	*None*	-	59
2020 - Interest for the late payment on Auditor General's account R11 411.18	*None*	-	11 411
2020 - Interest for the late payment on Eskom's account R14 486 830.27	*None*	-	14 486 830
2020 - Interest for the late payment on Nashua account R180 868.88	*None*	-	180 869
2020 - Interest for the late payment on various different vendors' accounts R28 552.34	*None*	-	28 552
2021 - Travel allowance paid in excess to the amount of R82 294 to MF Fillis	*None*	82 294	

44.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	64 664 798	45 179 811
Irregular expenditure current year	13 173 019	19 328 476
Irregular expenditure prior year	-	156 512
Written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	**77 837 818**	**64 664 798**

Incident	Disciplinary steps/criminal proceedings		
2018 - Non-compliance with Collective Agreement - Payments made above the upper limits	*None*	-	18 224
2018 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Regulation 32	*None*	-	6 237 781
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained	*None*	-	528 661
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Bids exceeding R10 Million not advertised for 30 day minimum period	*None*	-	11 441 411
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Exceed Contract Value	*None*	-	484 808
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Various	*None*	-	1 068 952
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - No Declaration of Interest	*None*	-	263 260
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Preference Point System not applied	*None*	-	30 960
2019 - Non-compliance with Collective Agreement - Payments made above the upper limits	*None*	-	209 607
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Regulation 32	*None*	-	24 896 147
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained	*None*	-	690 327
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Bids exceeding R10 Million not advertised for 30 day	*None*	-	8 480 800
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Various	*None*	-	943 940
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - No Declaration of Interest	*None*	-	127 409
2020 - Non-compliance with Collective Agreement - Payments made above the upper limits	*None*	-	192 150
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Preference Point System not applied	*None*	-	73 502
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Regulation 32	*None*	-	8 976 861
2021 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained	*None*	346 436	-
2021 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Bids exceeding R10 Million not advertised for 30 day	*None*	1 884 042	-
2021 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Regulation 32	*None*	9 740 686	-
2021 - Non-compliance with Collective Agreement - Payments made above the upper limits	*None*	325 152	-
2021 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Various	*None*	876 703	-

The list of Irregular expenditure will be investigated and proceedings will be reported on.

The amounts above are disclosed at the VAT exclusive amount.

44.4 Material Losses

Electricity distribution losses		
Units purchased (Kwh)	29 246 192	29 429 571
- Units lost during distribution (Kwh)	10 025 534	8 439 546
- Percentage lost during distribution	**34.28%**	**28.68%**
Water distribution losses		
- Mega litres purified	1 816 020	1 816 020
- Mega litres lost during distribution	318 017	272 597
- Percentage lost during distribution	**17.51%**	**15.01%**

45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

	2021 R	2020 R
Opening balance	882 271	434 105
Council subscriptions	735 996	698 166
Amount paid - current year	-	-
Amount paid - previous years	(870 865)	(250 000)
Balance unpaid	**747 401**	**882 271**

45.2 Audit fees - [MFMA 125 (1)(b)]

	2021 R	2020 R
Opening balance	2 441 075	1 037 169
Current year audit fee	2 792 847	2 827 223
Amount paid - current year	(21 647)	(386 148)
Amount paid - previous year	(2 441 075)	(1 037 169)
Balance unpaid (included in creditors)	**2 771 200**	**2 441 075**

45.3 VAT - [MFMA 125 (1)(b)]

	2021 R	2020 R
VAT	**18 413 814**	**16 667 472**

VAT is (receivable) / payable on the cash basis.

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

45.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]

	2021 R	2020 R
Opening balance	793 605	729 634
Current year payroll deductions and Council Contributions	10 035 972	9 795 243
Amount paid - current year	-10 040 028	-9 731 272
Balance unpaid (included in creditors)	**789 549**	**793 605**

45.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]

	2021 R	2020 R
Opening balance	1 267 868	1 214 809
Current year payroll deductions and Council Contributions	15 559 878	15 357 559
Amount paid - current year	-14 662 953	-14 089 691
Amount paid - previous year	-1 267 868	-1 214 809
Balance unpaid (included in creditors)	**896 926**	**1 267 868**

45.6 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:

	2021 R Outstanding more than 90 days	2020 R Outstanding more than 90 days
A. Olifant	35 219	32 409
L. van Niekerk	7 796	1 938
Total Councillor Arrear Consumer Accounts	**43 015**	**34 348**

45.7 Non-Compliance with MFMA

* *Section 65(2)(e) of the MFMA: Creditors were not paid within the 30 day limit.*

		2021 R	2020 R
45	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)**		

45.8 Deviations - Supply Chain Management

Deviations from the Supply Chain Management Regulations were identified on the following categories:

	2021	2020
Deviations per financial category		
- Between R 0 and R 2 000	-	-
- Between R 2 000 and R 10 000	166 228	154 393
- Between R 10 000 and R 30 000	311 853	423 638
- Between R 30 000 and R 500 000	831 699	1 651 323
	1 309 779	**2 229 355**

Deviations between R30 000 and R500 000

	2021	2020
Bay Breeze - Insufficient quotes - Deviation from SCM	125 000	-
University of Fort Hare - Training of councillors - Deviation from SCM	86 022	-
Marvin Marketing - Sole supplier - Deviation from SCM	-	308 200
Douglas Engineering - Insufficient quotes - Deviation from SCM	-	151 249
Fachs Business School - Insufficient quotes - Deviation from SCM	89 700	-
University of Free State - Insufficient Quotations (testing of water) - Deviation from SCM	137 666	306 427
Media 24 - Insufficient Quotations - Deviation from SCM	54 855	-
WEC Projects (Pry)Ltd - Insufficient Quotes - Deviations from SCM	-	75 626
Fedility Cash Solution - Deviation from SCM	-	128 706
C-Pac Pumps - Insufficient quotes - Deviation from SCM	84 527	296 931
Newgen pumps - Insufficient quotes - Deviation from SCM	215 429	-
Herman van Heerden - Insufficient quotes	-	131 073
Sol Plaatjie Municipality - Insufficient Quotations - Deviation from SCM	-	155 591
CA Autolek - Health risk - Deviation from SCM	-	56 073
Dr Morolong - Medical examinations - Deviation from SCM	38 500	-
Iets van Alles - Insufficient quotes - Deviations form SCM	-	41 448

		2021 R	2020 R
46	**CAPITAL COMMITMENTS**		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	97 745	822 890
	Infrastructure	97 745	822 890
	Total	**97 745**	**822 890**
	This expenditure will be financed from:		
	Government Grants	97 745	822 890
		97 745	**822 890**

The amounts disclosed above are VAT inclusive.

	2021	2020
	R	R

47 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	2020
	R	R
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
0.5% (2020 - 0.5%) Increase in interest rates	(10 606)	(14 694)
0.5% (2020 - 0.5%) Decrease in interest rates	10 606	14 694

(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 a financial loss.

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

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors 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 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 7 for balances included in receivables that were re-negotiated for the period under review.

		2021	2020
47	FINANCIAL RISK MANAGEMENT (CONTINUE)	R	R

Balances past due not impaired:

	2021	2021	2020	2020
	%	R	%	R
Non-Exchange Receivables				
Rates	100.00%	12 249 961	100.00%	9 116 760
Exchange Receivables				
Electricity	13%	1 858 102	19%	2 768 400
Water	40%	5 744 673	37%	5 253 785
Refuse	20%	2 909 655	19%	2 758 762
Sewerage	27%	3 802 596	24%	3 452 358
Other	0%	(31 510)	1%	102 642
	100.00%	14 283 516	100.00%	14 335 947

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 7 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2021	2021	2020	2020
	%	R	%	R
Electricity	3.13%	4 571 991	3.81%	3 932 853
Water	25.87%	37 815 320	29.44%	30 360 317
Refuse	14.50%	21 191 413	16.35%	16 856 371
Sewerage	16.34%	23 877 761	18.44%	19 013 280
Other Consumer Arrears	1.41%	2 057 789	1.59%	1 643 343
Rates	31.24%	45 666 851	19.83%	20 450 635
Fines	7.51%	10 980 195	10.54%	10 870 685
	100.00%	146 161 321	100.00%	103 127 484

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

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

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

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

	2021	2020
Trade receivables and other receivables	44 271 059	37 862 438
Cash and Cash Equivalents	3 164 513	3 774 270
	47 435 572	41 636 708

	2021	2020
	R	R

47 FINANCIAL RISK MANAGEMENT (CONTINUE)

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, 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 on-going review of future commitments and credit facilities.

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2021				
Long Term liabilities	3 561 919	3 055 486	-	-
Capital repayments	2 616 231	2 668 846	-	-
Interest	945 688	386 640	-	-
Payables From Exchange Transactions	58 516 584	136 199 814	-	-
Capital repayments	58 516 584	136 199 814	-	-
Interest	-	-	-	-
Provisions	27 382 048	-	-	-
Capital repayments	27 041 581	-	-	-
Interest	340 467	-	-	-
Unspent conditional government grants and receipts	23 035 101	-	-	-
	112 495 653	139 255 300	-	-
2020				
Long Term liabilities	3 549 017	5 639 799	-	-
Capital repayments	2 211 734	4 500 853	-	-
Interest	1 337 283	1 138 946	-	-
Payables From Exchange Transactions	63 726 536	137 075 472	-	-
Capital repayments	63 726 536	137 075 472	-	-
Interest	-	-	-	-
Provisions	27 382 048	-	-	-
Capital repayments	27 041 581	-	-	-
Interest	340 467	-	-	-
Unspent conditional government grants and receipts	8 524 130	-	-	-
	103 181 731	142 715 270	-	-

48 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected bellow.

48.1 Financial Assets

Financial Assets	Classification IAS 39	2021 R	2020 R
Long-term Receivables			
Trade and other receivables with arrangements	Financial instruments at amortised cost	-	-
Consumer Debtors			
Trade receivables from exchange transactions	Financial instruments at amortised cost	108 601 676	90 527 033
Other receivables from exchange transactions	Financial instruments at amortised cost	9 182 279	6 948 508
Other receivables from non-exchange transactions	Financial instruments at amortised cost	72 648 425	43 514 380
Other Debtors			
Government Subsidies and Grants	Financial instruments at amortised cost	-	-
Current Portion of Long-term Receivables			
Trade and other receivables with arrangements	Financial instruments at amortised cost	-	-
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	1 510 629	2 384 430
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	1 653 334	1 389 290
Cash Floats and Advances	Financial instruments at amortised cost	550	550
		193 596 893	**144 764 192**

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost		**193 596 893**	**144 764 192**

48.2 Financial Liability

Financial Liability	Classification IAS 39	2021 R	2020 R
Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	-	-
Capitalised Lease Liability	Financial instruments at amortised cost	2 668 846	4 491 876
Trade Payables			
Trade creditors	Financial instruments at amortised cost	186 609 844	190 241 906
Sundry creditors	Financial instruments at amortised cost	5 444 364	6 288 243
Deposits	Financial instruments at amortised cost	1 885 527	2 573 192
Unspent Conditional Grants and Receipts			
Other Spheres of Government	Financial instruments at amortised cost	23 035 101	8 524 130
Current Portion of Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	-	-
Capitalised Lease Liability	Financial instruments at amortised cost	2 616 231	2 220 711
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	-	-
		222 259 914	**214 340 058**

SUMMARY OF FINANCIAL LIABILITY

Financial instruments at amortised cost		**222 259 914**	**214 340 058**

		2021 R	2020 R
49	**EVENTS AFTER THE REPORTING DATE**		

Siyancuma Business and Resident Forum applicant against the Municipality - possible applicant costs pending outcome. No application has been submitted at sign off date however meetings between the Business and Resident Form and the Municipality have taken place in order to discuss the financial situation and technical issues after year end.

		2021 R	2020 R
50	**STATUTORY RECEIVABLES**		

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

	2021	2020
Taxes		
VAT Receivable	18 413 814	16 667 472
Receivables from Non-Exchange Transactions	71 448 425	43 514 380
Rates	59 259 278	31 244 375
Fines	12 189 147	12 270 005
Total Statutory Receivables (before provision)	**89 862 239**	**60 181 852**
Less: Provision for Debt Impairment	(56 647 046)	(31 321 320)
Total Statutory Receivables (after provision)	**33 215 193**	**28 860 532**

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

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

(Rates): Ageing	2020 R	2019 R
Current (0 - 30 days)	1 342 466	1 676 981
31 - 60 Days	1 181 143	475 186
61 - 90 Days	1 135 768	428 702
+ 90 Days	55 599 901	28 663 507
Total	**59 259 278**	**31 244 375**

Reconciliation of Provision for Debt Impairment	2020 R	2019 R
Balance at beginning of year	(31 292 421)	(21 285 638)
Contribution to provision	(25 325 726)	(10 006 783)
Balance at end of year	**(56 618 147)**	**(31 292 421)**

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

	2021 R	2020 R

51 IN-KIND DONATIONS AND ASSISTANCE

Donations received is due to financial assistance received from National Treasury with regards to the Auditor General's prior period audit fees and outstanding interest to the value or R1 036 110.99

The Department of Roads & Public Works has seconded Mr. MF Fillies to act as Municipal Manager at Siyancuma Local Municipality. This service in-kind has been recognised as revenue in terms of GRAP 23.

Nashua donated R35 000 during the year for the year end function.

52 PRIVATE PUBLIC PARTNERSHIPS

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

53 CONTINGENT LIABILITY

	2021 R	2020 R
Siyancuma has a possible liability regarding litigation claims with regard to the drowning of a child at sewerage works - amount is unknown	-	-
Siyancuma has a possible liability regarding litigation claims with regard to the child which was run over by the refuse truck - amount is unknown	-	-

Siyancuma Business and Resident Forum applicant against the Municipality - possible applicant costs pending outcome. No application has been submitted at sign off date however meetings between the Business and Resident Form and the Municipality have taken place in order to discuss the financial situation and technical issues after year end.

Siyancuma Municipality has a possible liability with regards to the landfill site licence for Griekwastad which is outstanding, the amount of the liability is unknown and no estimate can be made as no offical application has been made.

54 RELATED PARTIES

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

54.1 Related Party Transactions

Year ended 30 June 2021		Rates - Levied 1 July 2020 - 30 June 2021	Service Charges - Levied 1 July 2020 - 30 June 2021	Other - Levied 1 July 2020 - 30 June 2021	Outstanding Balances 30 June 2021
Councillors		**3 130**	**23 124**	**2 809**	**47 401**
A. Oliphant	3C0500/300500	-	-	2 809	35 921
A. Oliphant	3C0139/300139	-	2 032	-	176
L van Niekerk	100153/100756	3 071	10 122	-	10 300
KJ Apie	201022/202116	-	4 599	-	389
L van Wyk	131406/105258	59	6 371	-	615
Municipal Manager and Section 57 Employees		**-**	**7 014**	**-**	**308**
MF Fillis	100298/108709	-	3 453	-	-
CC Zealand	132548/108644	-	1 781	-	158
XS Geco	132546/108327	-	1 781	-	150

Year ended 30 June 2020		Rates - Levied 1 July 2019 - 30 June 2020	Service Charges - Levied 1 July 2019 - 30 June 2020	Other - Levied 1 July 2019 - 30 June 2020	Outstanding Balances 30 June 2020
Councillors		**2 932**	**18 992**	**2 809**	**37 055**
A. Oliphant	3C0500/300500	-	-	2 809	33 111
A. Oliphant	3C0139/300139	-	1 500	-	125
L van Niekerk	100153/100756	2 876	8 975	-	3 134
KJ Apie	201022/202116	-	3 804	-	298
L van Wyk	131406/105258	56	4 712	-	386
Municipal Manager and Section 57 Employees		**-**	**6 889**	**-**	**556**
MF Fillis	100298/108709	-	3 480	-	290
CC Zealand	132548/108644	-	1 655	-	141
XS Geco	132546/108327	-	1 754	-	125

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.

	2021	2020
54 RELATED PARTIES (CONTINUE)	**R**	**R**

54.2 Related Party Loans

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

54.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

54.4 Other related party transactions

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

Councillor JH George. No transactions were entered into during the year under review.
Councillor PJ McKlein. No transactions were entered into during the year under review.
Councillor SJ Mosetle. No transactions were entered into during the year under review.
Councillor GF Morolong. No transactions were entered into during the year under review.
Councillor DV Duiker. No transactions were entered into during the year under review.
Councillor DV Smous. No transactions were entered into during the year under review.
Councillor EM Fish. No transactions were entered into during the year under review.
Councillor TM Tamboer. No transactions were entered into during the year under review.
Councillor VZ Standers. No transactions were entered into during the year under review.

Director of Corporate Services J Marwane. No transactions were entered into during the year under review.

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

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

56 FINANCIAL SUSTAINABILITY

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

Financial Indicators

The current ratio increased to 0.74:1 from 0.631 in the prior year.

The municipality has furthermore budgeting for positive cash flows during 2021/2022 and 2022/2023 amounting to R59 671 000 and R63 272 000 respectively.

The average debtors' payment days increased to 1365 days from 590 days.

Creditors payment period amounts to 435 days

Debt impairment of Trade Receivables from exchange and non-exchange amounted to 81% and 81% in the prior year.

Other Indicators

Possible outflow of recources due the contingent liability disclosed in note 53

The municipality has a debt payment plan with Eskom to the large outstanding Eskom debt which comprises 87% of all outstanding creditors.

The municipality adjusted budget for 2019/20 shows an improved cash flow and resulting in a positve cash balance in the 2 outer financial years.

The municipality is expecting operating government grants amounting to R58 212 000 in the next financial year.

		2021	2020
56	**FINANCIAL SUSTAINABILITY (CONTINUE)**	**R**	**R**

COVID-19 - Background

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

COVID-19 - Impact on Municipality

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

The Municipality assessed the impact of the COVID-19 pandemic by comparing the financial indicators of 2018/2019 and 2019/2020 as illustrated below. The results are not solely due to the effect of COVID-19 and subsequent lockdown regulations, but are significantly impacted by the pandemic.

	2021 R	2020 R
Cash available for working capital requirement (Rand)	(19 870 588)	(4 749 860)
Current Ratio (norm - 2:1)	0.74 : 1	0.63 : 1
Creditors days (norm - 30 days or less)	435 days	403 days
Average debtors payment days	1365 days	590 days
Debt impairment ratio (norm - 95% or more)	77%	73%

When analysing the results of the ratios, it can be concluded that the COVID-19 pandemic had an adverse effect from a financial sustainability perspective. The results are not solely due to the effects of COVID-19 and subsequent lockdown regulations, but has been significantly impacted by the pandemic.

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

COVID-19 - Response Expenditure

There is no prior year information available regarding expenditure in lieu of Covid-19. The summary below indicates the total Covid-19 response expenditure for the period ending 30 June 2021.

	2021 R	2020 R
Type of expenditure		
Personal Protective Equipment	18 700	34 162
Sanitiser and Equipment	7 599 243	17 773
Remote assistance	142 144	-
	7 760 087	**51 935**

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

Own Revenue	49 087	15 935
Grant Funding - National Government	7 711 000	36 000
	7 760 087	**51 935**

APPENDIX A - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2021

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2020	Correction of Error	Balance at 30 June 2020 Restated	Received during the period	Redeemed written off during the period	Balance at 30 June 2021
LEASE LIABILITY									
PABX (R16700)	19.50%	Nashua	30/09/2020	55 311	-	55 311	-	(55 311)	-
CCTV Cameras (R24000)	25.42%	Nashua	31/01/2021	176 271	-	176 271	-	(176 271)	-
Biometric Access Control (R28500)	23.53%	Nashua	30/06/2021	302 124	-	302 124	-	(302 124)	-
Smartmeters	19 to 57%	Gridcontrol Technologies	30/04/2026	6 178 881	-	6 178 881	81 746	(1 678 967)	4 581 660
Various (Nashua) - R29785	11 to 16%	Nashua	31/07/2023	-	-	-	875 000	(230 616)	644 384
Yeastar PABX (Nashua)	7.00%	Nashua	31/03/2023	-	-	-	68 680	(9 646)	59 034
							-		
Total Lease Liabilities				**6 712 587**	**-**	**6 712 587**	**1 025 426**	**(2 452 936)**	**5 285 077**
TOTAL EXTERNAL LOANS				**6 712 587**	**-**	**6 712 587**	**1 025 426**	**(2 452 936)**	**5 285 077**

APPENDIX B - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021
MUNICIPAL VOTES CLASSIFICATION

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
47 619	(538 870)	(491 251)	Cemetary	58 301	(610 535)	(552 234)
9 343 841	(7 793 849)	1 549 992	Cleansing	12 231 479	(5 329 895)	6 901 584
6 522 421	(34 958 432)	(28 436 012)	Corporate and Human Resources	2 200 346	(56 765 744)	(54 565 398)
-	-	-	Council General	-	-	-
-	-	-	Depreciation Reserves	-	-	-
173 115	(177 757)	(4 642)	Douglas Holiday Resort	34 456	(160 750)	(126 294)
68 126 514	(55 379 999)	12 746 515	Electricity	57 083 587	(56 893 996)	189 591
84 854 702	(43 320 866)	41 533 837	Finance	104 801 347	(29 207 653)	75 593 694
-	(493 373)	(493 373)	Fire Bridge	-	(16 436)	(16 436)
-	(7 627 921)	(7 627 921)	Governance - Council	-	(8 051 708)	(8 051 708)
-	(101 657)	(101 657)	Health Services	-	(114 674)	(114 674)
2 880 000	(634 518)	2 245 482	Interns	3 000 000	(643 365)	2 356 635
1 062 562	(2 089 100)	(1 026 538)	Library	1 200 150	(2 018 831)	(818 681)
52 043	-	52 043	Meent	353 232	-	353 232
-	(1 341 262)	(1 341 262)	Municipal Manager	-	(2 419 477)	(2 419 477)
-	(557 083)	(557 083)	Parks and Recreation	-	(444 801)	(444 801)
89 119	(801 460)	(712 341)	Properties	121 466	(924 061)	(802 595)
1 010 000	(10 947 924)	(9 937 924)	Public Works: Roads	1 031 000	(10 809 446)	(9 778 446)
-	-	-	Sanitation	-	(598)	(598)
18 629 577	(12 802 231)	5 827 346	Sewerage and Sanitation	21 530 605	(12 436 185)	9 094 420
-	-	-	Stormwater Drainage	-	-	-
1 442 247	(2 747 954)	(1 305 707)	Traffic	407 406	(1 816 553)	(1 409 147)
24 926 330	(20 771 107)	4 155 224	Water	24 598 727	(18 239 824)	6 358 903
219 160 091	(203 085 365)	16 074 727	Sub Total	228 652 102	(206 904 532)	21 747 570
-	2 485 472	2 485 472	Less Inter-Departmental Charges	-	2 389 414	2 389 414
219 160 091	(200 599 893)	18 560 198	**Total**	228 652 102	(204 515 118)	24 136 984

APPENDIX C - Unaudited
SIYANCUMA LOCAL 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
-	(7 627 921)	(7 627 921)	Executive & Council	-	(8 051 708)	(8 051 708)
87 823 821	(44 756 843)	43 066 978	Budget & Treasury	107 922 813	(30 775 080)	77 147 733
6 574 464	(36 299 695)	(29 725 231)	Corporate Services	2 553 578	(59 185 221)	(56 631 643)
-	(101 657)	(101 657)	Health	-	(114 674)	(114 674)
1 110 181	(2 627 970)	(1 517 788)	Community & Social Services	1 258 451	(2 629 366)	(1 370 915)
1 442 247	(3 241 327)	(1 799 080)	Public Safety	407 406	(1 832 990)	(1 425 584)
173 115	(734 841)	(561 725)	Sport & Recreation	34 456	(605 550)	(571 094)
9 343 841	(7 793 849)	1 549 992	Waste Management	12 231 479	(5 330 493)	6 900 986
18 629 577	(12 802 231)	5 827 346	Waste Water Management	21 530 605	(12 436 185)	9 094 420
1 010 000	(10 947 925)	(9 937 925)	Road Transport	1 031 000	(10 809 446)	(9 778 446)
24 926 330	(20 771 107)	4 155 224	Water	24 598 727	(18 239 824)	6 358 903
68 126 514	(55 379 995)	12 746 519	Electricity	57 083 587	(56 893 992)	189 595
						-
219 160 091	(203 085 361)	16 074 731	Sub Total	228 652 102	(206 904 529)	21 747 573
-	2 485 472	2 485 472	Less Inter-Departmental Charges	-	2 389 414	2 389 414
219 160 091	(200 599 889)	18 560 202	**Total**	228 652 102	(204 515 115)	24 136 987

APPENDIX D - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 July 2020	Correction of error	Restated balance 1 July 2020	Contributions during the year	Transfer	Transfer to Sundry Payable	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2021
UNSPENT/UNPIAD CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS									
	R	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**
Library Project	-	-	-	1 200 000	-	-	1 200 000	-	-
FMG	-	-	-	3 000 000	-	-	3 000 000	-	-
Equitable Share	-	-	-	46 812 192	5 829 808	-	52 642 000	-	-
Equitable Share - COVID	-	-	-	7 711 000		-	211 136	7 499 864	-
MIG	7 715 336	-	7 715 336	12 321 000	(5 829 808)	(1 885 527)	-	-	12 321 000
LG Seta	808 794	-	808 794	913 500	-	-	1 053 400	-	668 894
EPWP	-	-	-	1 031 000	-	-	1 031 000	-	-
INEG	-	-	-	15 000 000	-	-	-	14 958 219	41 781
WSIG	-	-	-	21 749 000	-	-	-	11 745 574	10 003 426
Total	**8 524 130**	**-**	**8 524 130**	**109 737 692**	**-**	**-1 885 527**	**59 137 536**	**34 203 657**	**23 035 101**

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2020/2021							2019/2020
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue - Standard								
Governance and administration	**94 518**	**8 626**	**103 144**	**110 476**	**7 332**	**107.1%**	**116.9%**	**94 398**
Executive and council	3 132	–	3 132	–	(3 132)	-	-	–
Finance and administration	91 386	8 626	100 012	110 476	10 464	110.5%	120.9%	94 398
Internal audit	–	–	–	–	–	-	-	–
Community and public safety	**5 961**	**(3 443)**	**2 518**	**1 700**	**(818)**	**67.5%**	**28.5%**	**2 726**
Community and social services	1 249	–	1 249	1 258	10	100.8%	100.8%	1 110
Sport and recreation	131	35	166	34	(132)	100.0%	100.0%	173
Public safety	4 581	(3 478)	1 103	407	–	100.0%	100.0%	1 442
Housing	–	–	–	–	–	-	-	–
Health	–	–	–	–	–	-	-	–
Economic and environmental services	**9 048**	**–**	**9 048**	**1 031**	**(8 017)**	**11.4%**	**11.4%**	**1 010**
Planning and development	17	–	17	–	(17)	-	-	–
Road transport	9 031	–	9 031	1 031	(8 000)	11.4%	11.4%	1 010
Environmental protection	–	–	–	–	–	-	-	–
Trading services	**127 008**	**1 689**	**128 697**	**115 444**	**(13 253)**	**89.7%**	**90.9%**	**121 026**
Electricity	63 645	(6 032)	57 613	57 084	(529)	99.1%	89.7%	68 127
Water	45 994	6 450	52 444	24 599	(27 845)	46.9%	53.5%	24 926
Waste water management	13 045	(949)	12 096	21 531	9 434	178.0%	165.0%	18 630
Waste management	4 325	2 220	6 544	12 231	5 687	186.9%	282.8%	9 344
Other	–	–	–	–	–	-	-	–
Total Revenue - Standard	**236 535**	**6 872**	**243 407**	**228 652**	**(14 755)**	**93.9%**	**96.7%**	**219 160**
Expenditure - Standard								
Governance and administration	**72 047**	**(2 074)**	**69 973**	**97 677**	27 704	**139.6%**	**135.6%**	**88 365**
Executive and council	12 418	255	12 673	8 052	(4 621)	63.5%	64.8%	7 628
Finance and administration	59 628	(2 329)	57 300	89 625	32 325	156.4%	150.3%	80 737
Internal audit	–	–	–	–	–	-	-	–
Community and public safety	**9 789**	**(2 767)**	**7 023**	**4 826**	**(2 197)**	**68.7%**	**49.3%**	**6 362**
Community and social services	4 212	(963)	3 249	2 590	(659)	79.7%	61.5%	2 586
Sport and recreation	817	(162)	655	355	(300)	54.2%	43.5%	509
Public safety	4 705	(1 747)	2 958	1 833	(1 125)	100.0%	39.0%	3 241
Housing	–	–	–	–	–	-	-	–
Health	56	105	161	48	(113)	100.0%	100.0%	26
Economic and environmental services	**13 785**	**(1 643)**	**12 142**	**10 804**	**(1 337)**	**89.0%**	**78.4%**	**10 943**
Planning and development	–	–	–	–	–	-	-	–
Road transport	13 785	(1 643)	12 142	10 804	(1 337)	89.0%	78.4%	10 943
Environmental protection	–	–	–	–	–	-	-	–
Trading services	**89 342**	**(3 404)**	**85 938**	**91 208**	**5 270**	**106.1%**	**102.1%**	**94 930**
Electricity	64 002	(1 102)	62 900	56 420	(6 480)	89.7%	88.2%	54 821
Water	12 349	(985)	11 364	17 226	5 862	151.6%	139.5%	19 701
Waste water management	9 617	(806)	8 811	12 231	3 420	138.8%	127.2%	12 614
Waste management	3 374	(511)	2 863	5 330	2 467	186.2%	158.0%	7 794
Other	–	–	–	–	–	-	-	–
Total Expenditure - Standard	**184 963**	**(9 888)**	**175 075**	**204 515**	**29 440**	**116.8%**	**110.6%**	**200 600**
Surplus/(Deficit) for the year	**51 572**	**16 760**	**68 332**	**24 137**	**(44 195)**	**35.3%**	**46.8%**	**18 560**

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description	2020/2021							2019/2020
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue by Vote								
Municipal Manager	–	–	–	–	–	-	-	–
Council	3 132	–	3 132	–	(3 132)	-	-	–
Corporate and Human Resources	1 405	–	1 405	2 554	1 149	181.8%	181.8%	6 574
Finance	89 739	8 585	98 325	107 801	9 477	109.6%	120.1%	87 735
Properties	215	–	215	121	(93)	56.5%	56.5%	89
Libraries	1 201	–	1 201	1 200	(1)	99.9%	99.9%	1 063
Cemetary	47	–	47	58	11	122.9%	122.9%	48
Parks and Recreation	175	76	251	34	(217)	100.0%	100.0%	173
Health Services	–	–	–	–	–	-	-	–
Waste Management	4 325	2 220	6 544	12 231	5 687	186.9%	282.8%	9 344
Public Works	9 031	–	9 031	1 031	(8 000)	11.4%	11.4%	1 010
Electricity	63 645	(6 032)	57 613	57 084	(529)	99.1%	89.7%	68 127
Water	45 994	6 450	52 444	24 599	(27 845)	46.9%	53.5%	24 926
Waste Water Management	13 045	(949)	12 096	21 531	9 434	178.0%	165.0%	18 630
Traffic	4 581	(3 478)	1 103	407	(696)	36.9%	8.9%	1 442
Total Revenue by Vote	**236 535**	**6 872**	**243 407**	**228 652**	**(14 755)**	**93.9%**	**96.7%**	**219 160**
Expenditure by Vote ***to be appropriated***								
Municipal Manager	3 600	35	3 635	2 419	(1 216)	66.6%	67.2%	1 341
Council	8 818	220	9 038	8 052	(986)	89.1%	91.3%	7 628
Corporate and Human Resources	23 196	(1 699)	21 498	56 782	35 284	264.1%	244.8%	35 452
Finance	35 711	(643)	35 068	29 803	(5 265)	85.0%	83.5%	43 924
Properties	721	13	734	637	(97)	86.8%	88.3%	513
Libraries	3 360	(963)	2 396	1 979	(417)	82.6%	58.9%	2 047
Cemetary	852	–	852	611	(242)	71.6%	71.6%	539
Parks and Recreation	817	(162)	655	355	(300)	54.2%	43.5%	509
Fire Brigade	602	(551)	52	–	(52)	-	-	–
Health Services	56	105	161	48	(113)	29.8%	86.2%	26
Waste Management	3 374	(511)	2 863	5 330	2 466	186.1%	158.0%	7 794
Public Works	13 785	(1 643)	12 142	10 804	(1 337)	89.0%	78.4%	10 943
Electricity	64 002	(1 102)	62 900	56 420	(6 480)	89.7%	88.2%	54 821
Water	12 349	(985)	11 364	17 226	5 862	151.6%	139.5%	19 701
Waste Water Management	9 617	(806)	8 811	12 231	3 420	138.8%	127.2%	12 614
Traffic	4 103	(1 196)	2 906	1 817	(1 090)	62.5%	44.3%	2 748
Total Expenditure by Vote	**184 963**	**(9 888)**	**175 075**	**204 515**	**29 439**	**116.8%**	**110.6%**	**200 600**
Surplus/(Deficit) for the year	**51 572**	**16 760**	**68 332**	**24 138**	**(44 194)**	**35.3%**	**46.8%**	**18 560**

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Description	2020/2021							2019/2020
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue By Source								
Property rates	34 979	–	34 979	36 427	1 449	104.1%	104.1%	32 752
Service charges - electricity revenue	43 586	(1 032)	42 554	41 051	(1 503)	96.5%	94.2%	40 275
Service charges - water revenue	30 889	(299)	30 590	20 305	(10 285)	66.4%	65.7%	24 926
Service charges - sanitation revenue	4 521	3 254	7 775	7 816	41	100.5%	172.9%	10 343
Service charges - refuse revenue	4 325	2 220	6 544	5 846	(698)	89.3%	135.2%	9 344
Service charges - other	–	–	–	–	–	-	-	–
Rental of facilities and equipment	272	41	313	475	161	151.5%	174.3%	297
Interest earned - external investments	316	–	316	174	(142)	55.0%	55.0%	594
Interest earned - outstanding debtors	1 160	840	2 000	8 372	6 372	418.6%	721.9%	1 183
Dividends received	–	–	–	–	–	-	-	–
Fines, penalties and forfeits	4 038	(3 478)	560	114	(446)	20.3%	2.8%	1 172
Licences and permits	135	–	135	433	299	321.9%	100.0%	29
Agency services	517	–	517	211	(306)	40.8%	40.8%	281
Transfers and subsidies	57 873	7 711	65 584	61 170	(4 414)	93.3%	105.7%	59 544
Other revenue	2 403	69	2 471	717	(1 755)	29.0%	29.8%	5 657
Gains on disposal of PPE	–	–	–	–	–	100.0%	100.0%	–
Total Revenue (excluding capital transfers and contributions)	**185 011**	**9 326**	**194 337**	**183 110**	**(50 577)**	**94.2%**	**99.0%**	**186 398**
Expenditure By Type								
Employee related costs	71 696	(1 771)	69 925	64 349	(5 575)	92.0%	89.8%	60 859
Remuneration of councillors	5 679	–	5 679	5 232	(447)	92.1%	92.1%	5 263
Debt impairment	1 983	–	1 983	50 161	48 178	2530.0%	2530.0%	33 323
Depreciation & asset impairment	12 406	–	12 406	9 261	(3 145)	74.6%	74.6%	11 896
Finance charges	5 831	–	5 831	6 839	1 008	117.3%	117.3%	19 684
Bulk purchases	48 329	172	48 501	49 842	1 342	102.8%	103.1%	46 046
Other materials	8 753	13	8 766	1 747	(7 020)	100.0%	100.0%	3 417
Contracted services	17 858	(3 669)	14 189	–	(14 189)	-	-	–
Transfers and grants	–	–	–	–	–	100.0%	100.0%	–
Other expenditure	12 416	(4 633)	7 783	16 818	9 035	216.1%	135.5%	19 709
Loss on disposal of PPE	13	–	13	265	253	100.0%	100.0%	402
Total Expenditure	**184 963**	**(9 888)**	**175 075**	**204 515**	**29 440**	**116.8%**	**110.6%**	**200 600**
					–	**-**	**-**	
Surplus/(Deficit)	**48**	**19 214**	**19 262**	**(21 405)**	**(40 667)**	**-111.1%**	**-44552.9%**	**(14 202)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	51 524	(2 454)	49 070	34 204	(14 866)	69.7%	66.4%	32 762
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	–	–	–	–	–	100.0%	100.0%	–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	100.0%	100.0%	–
Surplus/(Deficit) for the year	**51 572**	**16 760**	**68 332**	**12 798**	**(55 534)**	**18.7%**	**24.8%**	**18 560**

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2020/2021							2019/2020
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Capital expenditure - Vote								
Multi-year expenditure								
Municipal Manager	–	–	–	–	–	-	-	–
Council	–	–	–	–	–	-	-	–
Corporate and Human Resources	–	–	–	–	–	-	-	–
Finance	–	–	–	–	–	-	-	–
Libraries	–	–	–	–	–	-	-	–
Cemetary	–	–	–	–	–	-	-	–
Parks and Recreation	–	–	–	–	–	-	-	–
Health Services	–	–	–	–	–	-	-	–
Waste Management	–	–	–	–	–	-	-	–
Public Works	–	–	–	–	–	-	-	–
Electricity	–	–	–	–	–	-	-	–
Water	–	–	–	–	–	-	-	–
Waste Water Management	–	–	–	–	–	-	-	–
Traffic	–	–	–	–	–	-	-	–
Capital multi-year expenditure	**–**	**–**	**–**	**–**	–	-	-	**–**
Single-year expenditure								
Municipal Manager	–	–	–	–	–	-	-	–
Council	–	–	–	1 828	1 828	#DIV/0!	#DIV/0!	–
Corporate and Human Resources	–	–	–	4 682	4 682	100.0%	100.0%	710
Finance	500	–	500	90	(410)	17.9%	17.9%	105
Libraries	–	–	–	–	–	-	-	–
Cemetary	–	–	–	–	–	-	-	–
Parks and Recreation	–	–	–	–	–	-	-	–
Health Services	–	–	–	–	–	-	-	–
Waste Management	–	3 071	3 071	–	(3 071)	-	-	10
Public Works	8 000	–	8 000	–	(8 000)	-	-	–
Electricity	20 000	(5 000)	15 000	14 345	(655)	95.6%	100.0%	21 369
Water	–	10 046	10 046	3 390	(6 656)	100.0%	100.0%	31
Waste Water Management	23 524	(3 010)	20 514	8 846	(11 669)	100.0%	100.0%	8 093
Traffic	–	–	–	–	–	-	100.0%	–
Capital single-year expenditure	**52 024**	**5 107**	**57 131**	**33 180**	(23 951)	58%	64%	**30 319**
Total Capital Expenditure - Vote	**52 024**	**5 107**	**57 131**	**33 180**	(23 951)	58%	64%	**30 319**
					–	-	-	
Capital Expenditure - Standard					–	-	-	
Governance and administration	**500**	**500**	**1 000**	**6 600**	5 600	660.0%	1320.0%	**816**
Executive and council	–	–	–	1 828	1 828	#DIV/0!	#DIV/0!	–
Budget and treasury office	500	500	1 000	90	(910)	9.0%	17.9%	105
Corporate services	–	–	–	4 682	4 682	100.0%	100.0%	710
Community and public safety	**–**	**–**	**–**	**–**	–	-	-	**–**
Community and social services	–	–	–	–	–	-	-	–
Sport and recreation	–	–	–	–	–	-	-	–
Public safety	–	–	–	–	–	-	-	–
Housing	–	–	–	–	–	-	-	–
Health	–	–	–	–	–	-	-	–
Economic and environmental services	**8 000**	**–**	**8 000**	**–**	(8 000)	-	-	**–**
Planning and development	–	–	–	–	–	-	-	–
Road transport	8 000	–	8 000	–	(8 000)	-	-	–
Environmental protection	–	–	–	–	–	-	-	–
Trading services	**43 524**	**4 607**	**48 131**	**26 580**	(21 551)	55.2%	61.1%	**29 504**
Energy sources	20 000	(5 000)	15 000	14 345	(655)	95.6%	71.7%	21 369
Water management	–	9 546	9 546	3 390	(6 156)	100.0%	100.0%	31
Waste water management	23 524	(3 010)	20 514	8 846	(11 669)	100.0%	100.0%	8 093
Waste management	–	3 071	3 071	–	(3 071)	-	-	10
Other	**–**	**–**	**–**	**–**	–	-	-	**–**
Total Capital Expenditure - Standard	**52 024**	**5 107**	**57 131**	**33 180**	**(23 951)**	**58%**	**64%**	**30 319**
					–	-	-	
Funded by:					–	-	-	
National Government	51 524	5 107	56 631	29 465	(27 166)	52.0%	57.2%	29 082
Provincial Government	–	–	–	–	–	100.0%	100.0%	–
District Municipality		–	–	–	–	-	-	–
Other transfers and grants		–	–	–	–	-	-	–
Transfers recognised - capital	**51 524**	**5 107**	**56 631**	**29 465**	**(27 166)**	**52%**	**57%**	**29 082**
Public contributions & donations	**–**	**–**	**–**	**–**	–	100.0%	100.0%	611
Borrowing	**–**	**–**	**–**	**1 025**	1 025	100.0%	100.0%	12
Internally generated funds	**500**	**–**	**500**	**2 689**	2 189	537.8%	537.8%	614
Total Capital Funding	**52 024**	**5 107**	**57 131**	**33 180**	**(23 951)**	**58%**	**64%**	**30 319**

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
CASH FLOWS

Description	2020/2021							2019/2020
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties & collection charges	29 732	–	29 732	36 427	6 695	122.5%	122.5%	32 754
Service charges	73 411	(371)	73 040	23 829	(49 211)	32.6%	32.5%	44 271
Other revenue	3 770	(273)	3 498	10 610	7 113	303.4%	281.4%	4 119
Government - operating	57 873	7 711	65 584	58 998	(6 586)	90.0%	101.9%	58 362
Government - capital	51 524	(2 454)	49 070	48 813	(257)	99.5%	94.7%	36 542
Interest	548	–	548	8 546	7 997	1558.9%	1558.9%	1 777
Dividends	–	–	–	–	–	-	-	–
Payments								
Suppliers and employees	(146 980)	5 086	(141 895)	(148 919)	(7 025)	105.0%	101.3%	(128 771)
Finance charges	(5 831)	–	(5 831)	(6 839)	(1 008)	117.3%	117.3%	(19 684)
Transfers and Grants	–	–	–	–	–	-	-	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**64 047**	**9 699**	**73 746**	**31 464**	**(42 282)**	**42.7%**	**49.1%**	**29 371**
					–	-	-	
CASH FLOWS FROM INVESTING ACTIVITIES					–	-	-	
Receipts								
Proceeds on disposal of PPE	–	–	–	2	2	100.0%	100.0%	1
Decrease (Increase) in non-current debtors	–	–	–		–	-	-	–
Decrease (increase) other non-current receivables	294	–	294	–	(294)	-	-	–
Decrease (increase) in non-current investments	–	–	–	–	–	-	-	–
Payments					–	-	-	
Capital assets	(52 024)	1 954	(50 070)	(29 624)	20 446	59.2%	56.9%	(29 373)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(51 730)**	**1 954**	**(49 776)**	**(29 623)**	**20 153**	**59.5%**	**57.3%**	**(29 372)**
					–	-	-	
CASH FLOWS FROM FINANCING ACTIVITIES					–	-	-	
Receipts					–	-	-	
Short term loans	–	–	–	–	–	-	-	–
Borrowing long term/refinancing	–	–	–	–	–	-	-	–
Increase (decrease) in consumer deposits	–	–	–	2	2	#DIV/0!	#DIV/0!	(1)
Payments								
Repayment of borrowing	(3 683)	–	(3 683)	(2 453)	1 230	66.6%	66.6%	(2 855)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(3 683)**	**–**	**(3 683)**	**(2 451)**	**1 231**	**66.6%**	**66.6%**	**(2 856)**
					–	-	-	
NET INCREASE/ (DECREASE) IN CASH HELD	8 635	11 653	20 288	(610)	(20 898)	-3.0%	-7.1%	(2 856)
Cash/cash equivalents at the year begin:	704	–	704	3 774	3 070	100.0%	100.0%	6 630
Cash/cash equivalents at the year end:	9 339	7 816	20 992	3 165	(16 596)	15.1%	33.9%	3 774