

CEDERBERG LOCAL MUNICIPALITY



AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2021



**AUDITOR - GENERAL
SOUTH AFRICA**

06 February 2022

CEDERBERG LOCAL MUNICIPALITY

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CEDERBERG LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Cederberg Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

LEGAL FORM

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

JURISDICTION

The Cederberg Local Municipality includes the following areas:

| | |
|--------------|--------------|
| Algeria | Graafwater |
| Clanwilliam | Leipoltville |
| Lamberts Bay | Elands Bay |
| Citrusdal | |

MEMBERS OF THE COUNCIL

| | |
|--------------|--------------------|
| Ward 1 | Vacant |
| Ward 2 | Cllr RV Pretorius |
| Ward 3 | Cllr M Heins |
| Ward 4 | Cllr P Straus |
| Ward 5 | Cllr WJ Farmer |
| Ward 6 | Cllr RG Witbooi |
| Proportional | Cllr Sokuyeka |
| Proportional | Cllr EN Majikejela |
| Proportional | Cllr NS Qunta |
| Proportional | Cllr F Kamfer |
| Proportional | Cllr L Scheepers |

MEMBERS OF THE MAYORAL COMMITTEE

Cllr NS Qunta (Executive Mayor)
Cllr L Scheepers (Deputy Executive Mayor)
Cllr F Kamfer
Cllr M Heins

MUNICIPAL MANAGER

Mr A Titus (Acting)

CHIEF FINANCIAL OFFICER

Mr M Memani

AUDIT COMMITTEE

Omar Valley (Chairperson)
Charles Beukes

REGISTERED OFFICE

2A Voortrekker Road
Clanwilliam
8135

POSTAL ADDRESS

Private Bag x2
Clanwilliam
8135



AUDITOR - GENERAL
SOUTH AFRICA

06 February 2022

CEDERBERG LOCAL MUNICIPALITY

GENERAL INFORMATION

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

Standard Bank of South Africa Ltd

ATTORNEYS

TNK Attorneys

Burger & Marias Attorneys

Erasmus & Associates

Grant Spammer Attorneys

KM Ramodike Attorneys

Mervin Doralingo

Enderstein Van der Merwe

Lizel Venter Attorneys

Visser & Vennote

Clyde en Co Attorneys

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)

Collective Agreements

Division of Revenue Act

Electricity Act (Act no 41 of 1987)

Employment Equity Act (Act no 55 of 1998)

Housing Act (Act no 107 of 1997)

Infrastructure Grants

Municipal Budget and Reporting Regulations

Municipal Cost Containment Regulations 2019

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 a Standard Chart of Accounts, 2014

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

National Environmental Management Act

Occupational Health and Safety Act

Preferential Procurement Policy Framework Act, 200

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)



CEDERBERG LOCAL MUNICIPALITY

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I am responsible for the preparation of these annual financial statements year ended 30 June 2021, which are set out on pages 1 to 83 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

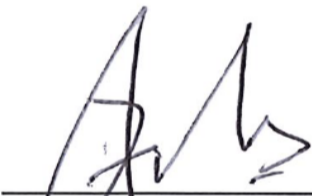
The annual financial statements have been prepared in accordance with GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2022 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

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



Mr A Titus (Acting)
Municipal Manager

31 AUGUST 2021

Date



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SOUTH AFRICA

06 February 2022

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

| | Notes | 2021 R (Actual) | 2020 R (Restated) |
|--|-------|-----------------------|-------------------------|
| ASSETS | | | |
| Current Assets | | | |
| | | 51 752 795 | 60 558 829 |
| Cash and Cash Equivalents | 2 | 9 749 887 | 16 684 890 |
| Receivables from Exchange Transactions | 3 | 25 277 285 | 27 173 501 |
| Receivables from Non-Exchange Transactions | 4 | 10 821 063 | 12 216 822 |
| Taxes | 5 | 4 461 622 | 3 090 646 |
| Operating Lease Assets | 6 | 4 956 | 5 429 |
| Current Portion of Long-term Receivables | 7 | 31 969 | - |
| Inventory | 8 | 1 406 014 | 1 387 542 |
| Non-Current Assets | | | |
| | | 725 376 904 | 692 878 442 |
| Investment Property | 9 | 77 058 849 | 77 144 463 |
| Property, Plant and Equipment | 10 | 647 063 696 | 614 257 130 |
| Intangible Assets | 11 | 1 254 360 | 1 476 849 |
| Total Assets | | 777 129 700 | 753 437 271 |
| Current Liabilities | | | |
| | | 117 216 661 | 127 078 872 |
| Current Portion of Long-term Liabilities | 12 | 5 178 934 | 4 717 622 |
| Consumer Deposits | 13 | 2 317 963 | 2 108 188 |
| Payables from Exchange Transactions | 14 | 95 697 284 | 81 119 876 |
| Unspent Conditional Government Grants | 15 | 1 081 961 | 27 474 112 |
| Operating Lease Liabilities | 6 | 7 570 | 14 121 |
| Current Employee Benefits | 16 | 12 932 949 | 11 644 954 |
| Non-Current Liabilities | | | |
| | | 84 676 649 | 71 987 686 |
| Long-term Liabilities | 12 | 7 302 137 | 12 480 933 |
| Employee Benefits | 17 | 32 054 000 | 27 540 000 |
| Non-Current Provisions | 18 | 45 320 512 | 31 966 753 |
| Total Liabilities | | 201 893 310 | 199 066 558 |
| NET ASSETS | | 575 236 389 | 554 370 713 |
| COMMUNITY WEALTH | | | |
| Accumulated Surplus | | 575 236 389 | 554 370 713 |
| | | 575 236 389 | 554 370 713 |



CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2021

| | Notes | 2021 R (Actual) | 2020 R (Restated) |
|---|-------|-----------------------|-------------------------|
| REVENUE | | | |
| REVENUE FROM NON-EXCHANGE TRANSACTIONS | | 177 278 749 | 158 656 451 |
| Taxation Revenue | | 48 155 157 | 45 526 373 |
| Property Rates | 19 | 48 155 157 | 45 526 373 |
| Transfer Revenue | | 119 869 945 | 93 202 200 |
| Government Grants and Subsidies - Operating | 20 | 77 633 162 | 64 461 748 |
| Government Grants and Subsidies - Capital | 20 | 42 236 784 | 28 740 452 |
| Other Revenue | | 9 253 647 | 19 927 878 |
| Insurance Refund | | 67 793 | - |
| Fines, Penalties and Forfeits | 21 | 9 185 854 | 13 993 924 |
| Actuarial Gains | 22 | - | 5 933 954 |
| REVENUE FROM EXCHANGE TRANSACTIONS | | 166 657 954 | 157 819 921 |
| Operating Activities | | 166 657 954 | 157 819 921 |
| Service Charges | 23 | 151 561 953 | 144 762 931 |
| Rental of Facilities and Equipment | 24 | 2 332 616 | 2 871 161 |
| Interest Earned - external investments | | 748 598 | 505 556 |
| Interest Earned - outstanding debtors | | 5 732 914 | 4 983 566 |
| Agency Services | 25 | 3 719 929 | 2 735 961 |
| Other Income | 26 | 2 488 906 | 1 960 746 |
| Gain on disposal of Non-Monetary Assets | 37 | 73 038 | - |
| TOTAL REVENUE | | 343 936 703 | 316 476 371 |
| EXPENDITURE | | | |
| Employee Related Costs | 27 | 122 466 737 | 115 364 247 |
| Remuneration of Councillors | 28 | 5 571 991 | 5 569 861 |
| Debt Impairment | 29 | 32 636 625 | 46 524 832 |
| Depreciation and Amortisation | 30 | 21 748 338 | 18 858 434 |
| Impairment | 31 | 549 901 | 57 948 |
| Finance Charges | 32 | 11 585 070 | 9 822 083 |
| Bulk Purchases | 33 | 82 513 833 | 82 346 935 |
| Contracted Services | 34 | 17 281 696 | 18 205 886 |
| Transfers and Grants | 35 | 406 006 | 1 144 278 |
| Other Expenditure | 36 | 26 364 833 | 26 001 263 |
| Actuarial Losses | 22 | 1 945 998 | - |
| Loss on disposal of Non-Monetary Assets | 37 | - | 139 823 |
| TOTAL EXPENDITURE | | 323 071 027 | 324 035 590 |
| NET SURPLUS/(DEFICIT) FOR THE YEAR | | 20 865 676 | (7 559 219) |



CEDERBERG LOCAL MUNICIPALITY

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

| | ACCUMULATED SURPLUS R | TOTAL R |
|---|-----------------------------|--------------------|
| Balance on 30 June 2019 | 561 901 796 | 561 901 796 |
| Correction of error restatement - note 38.4 | 28 132 | 28 132 |
| Balance on 30 June 2019 - Restated | 561 929 928 | 561 929 928 |
| Net Deficit for the year | (7 559 215) | (7 559 215) |
| Balance on 30 June 2020 - Restated | 554 370 713 | 554 370 713 |
| Net Surplus for the year | 20 865 676 | 20 865 676 |
| Balance on 30 June 2021 | 575 236 389 | 575 236 389 |



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CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2021

| | Notes | 2021 R (Actual) | 2020 R (Restated) |
|--|-----------|-----------------------|-------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Property Rates | | 45 968 054 | 40 582 028 |
| Service Charges and Interest | | 137 056 164 | 123 172 181 |
| Other Revenue | | 9 473 781 | 12 106 897 |
| Government Grants | | 93 477 794 | 117 984 033 |
| Investment Interest | | 748 598 | 505 556 |
| Consumer Deposits | | 209 776 | 53 015 |
| Payments | | | |
| Suppliers and employees | | (238 632 707) | (242 081 028) |
| Finance charges | | (5 354 594) | (3 781 092) |
| Transfers and Grants | | (406 006) | (1 144 278) |
| NET CASH FROM OPERATING ACTIVITIES | 39 | 42 540 860 | 47 397 312 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Receipts | | | |
| Proceeds from sale of Property, Plant and Equipment | | 350 757 | 66 739 |
| Payments | | | |
| Purchase of Property, Plant and Equipment | | (45 109 136) | (33 835 284) |
| NET CASH USED INVESTING ACTIVITIES | | (44 758 379) | (33 768 545) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Payments | | | |
| Loans repaid | | (4 717 484) | (4 131 274) |
| NET CASH USED FINANCING ACTIVITIES | | (4 717 484) | (4 131 274) |
| NET INCREASE/(DECREASE) IN CASH HELD | | (6 935 003) | 9 497 493 |
| Cash and Cash Equivalents at the beginning of the year | | 16 684 890 | 7 187 397 |
| Cash and Cash Equivalents at the end of the year | | 9 749 887 | 16 684 890 |



CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2021

| | ORIGINAL BUDGET R | ADJUSTMENTS R | FINAL BUDGET R | ACTUAL R | ACTUAL VS FINAL BUDGET R |
|--|-------------------------|---------------------|----------------------|--------------------|-----------------------------------|
| STATEMENT OF FINANCIAL POSITION | | | | | |
| Current assets | 53 648 260 | (14 698 427) | 38 949 832 | 51 752 795 | 12 802 963 |
| Non-current assets | 763 222 935 | (44 902 824) | 718 320 111 | 725 376 904 | 7 056 793 |
| Current liabilities | 56 063 473 | 60 476 104 | 116 539 578 | 117 216 661 | 677 083 |
| Non-current liabilities | 139 585 481 | (66 114 915) | 73 470 565 | 84 676 649 | 11 206 084 |
| Total Community Wealth | 621 222 241 | (53 962 440) | 567 259 801 | 575 236 389 | 7 976 589 |
| STATEMENT OF FINANCIAL PERFORMANCE | | | | | |
| REVENUE | | | | | |
| Property rates | 48 770 607 | (394 726) | 48 375 881 | 48 155 157 | (220 724) |
| Service Charges | 159 184 970 | (7 023 554) | 152 161 416 | 151 561 953 | (599 463) |
| Investment revenue | 317 190 | 169 292 | 486 482 | 748 598 | 262 116 |
| Transfers recognised - operational | 85 436 249 | 7 307 829 | 92 744 078 | 77 633 162 | (15 110 916) |
| Other own revenue | 44 737 797 | (4 511 011) | 40 226 786 | 23 601 050 | (16 625 736) |
| Total Revenue (excluding capital transfers) | 338 446 813 | (4 452 170) | 333 994 643 | 301 699 920 | (32 294 723) |
| EXPENDITURE | | | | | |
| Employee costs | 123 557 424 | 1 279 659 | 124 837 083 | 122 466 737 | (2 370 346) |
| Remuneration of councillors | 5 857 909 | (529 839) | 5 328 070 | 5 571 991 | 243 921 |
| Debt impairment | 48 643 000 | 161 000 | 48 804 000 | 32 636 625 | (16 167 375) |
| Depreciation and asset impairment | 21 140 900 | (1 097 900) | 20 043 000 | 22 298 239 | 2 255 239 |
| Finance charges | 8 435 381 | 3 090 804 | 11 526 185 | 11 585 070 | 58 885 |
| Bulk purchases | 90 160 340 | (1 951 000) | 88 209 340 | 82 513 833 | (5 695 507) |
| Other Materials | 6 344 980 | 1 432 594 | 7 777 574 | - | (7 777 574) |
| Contracted Services | 27 194 740 | 7 986 349 | 35 181 089 | 17 281 696 | (17 899 394) |
| Transfers and grants | 4 617 651 | (3 638 815) | 978 836 | 406 006 | (572 830) |
| Other expenditure | 21 665 940 | 118 505 | 21 784 445 | 28 310 831 | 6 526 386 |
| Loss on disposal of PPE | - | - | - | - | - |
| Total Expenditure | 357 618 265 | 6 851 357 | 364 469 622 | 323 071 027 | (41 398 595) |
| Surplus/(Deficit) | (19 171 452) | (11 303 527) | (30 474 979) | (21 371 108) | 9 103 871 |
| Transfers recognised - capital (Government) | 58 774 348 | (16 419 910) | 42 354 438 | 42 236 784 | (117 655) |
| Transfers recognised - capital (Other Providers) | - | 187 175 | 187 175 | - | (187 175) |
| NET SURPLUS FOR THE YEAR | 39 602 896 | (27 536 262) | 12 066 634 | 20 865 676 | 8 799 042 |
| CASH FLOW STATEMENT | | | | | |
| Net Cash Flow from Operating Activities | 69 751 098 | (35 499 643) | 34 251 454 | 42 540 860 | 8 289 405 |
| Net Cash Flow from Investing Activities | (66 218 876) | 20 488 018 | (45 730 858) | (44 758 379) | 972 479 |
| Net Cash Flow from Financing Activities | (2 087 645) | (2 428 085) | (4 515 730) | (4 717 484) | (201 754) |
| Net increase in cash and cash equivalents | 1 444 577 | (17 439 711) | (15 995 134) | (6 935 003) | 9 060 130 |

Refer to note 41 for explanations of material variances between the original and final budget as well as the final budget and actual amounts.

Material variances are considered to be any variances greater than R3 million.



CEDERBERG LOCAL MUNICIPALITY

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

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

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

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines 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 – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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.

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

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

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

In terms of GRAP 108 - "Statutory Receivables", the Municipality is utilising the transitional provision contained in Directive 4 that grant the Municipality a period of three years (1 July 2019 to 30 June 2022) in order to finalise the classification and impairment methods of Statutory Receivables.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis. Refer to note 56 for the going concern assessment performed by the Municipality.

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are 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, which relate to prior periods, 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.



CEDERBERG LOCAL MUNICIPALITY

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

1.05.2 Amended 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.

No significant amendments were made to the accounting policy in the current year.

1.06 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 actual operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Standards of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.



1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the Improvements to Standards of GRAP (2020) which was issued during March 2020. The improvements affected the following Standards of GRAP:

| Standard | Description | Effective Date |
|-------------|---|----------------|
| GRAP 5 | Borrowing Costs | 1 April 2021 |
| GRAP 13 | Leases | 1 April 2021 |
| GRAP 16 | Investment Property | 1 April 2021 |
| GRAP 17 | Property Plant and Equipment | 1 April 2021 |
| GRAP 24 | Presentation of Budget Information in Financial Statements | 1 April 2021 |
| GRAP 31 | Intangible Assets | 1 April 2021 |
| GRAP 32 | Service Concession Arrangements: Grantor | 1 April 2021 |
| GRAP 37 | Joint Arrangements | 1 April 2021 |
| GRAP 106 | Transfer of Functions Between Entities Not Under Common Control | 1 April 2021 |
| Directive 7 | The Application of Deemed Cost | 1 April 2021 |

CEDERBERG LOCAL MUNICIPALITY

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

The Municipality also resolved to early adopt the following Interpretation of the Standards of GRAP which were issued but are not yet effective:

| Standard | Description | Effective Date |
|----------|---|----------------|
| iGRAP 21 | The Effect of Past Decisions on Materiality | 1 April 2023 |

The effect of the above-mentioned Improvements and Interpretations to the Standards of GRAP which were early adopted is considered insignificant. The Improvements and Interpretations to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality resolved not to early adopt Directive 14 - "The Application of Standards of GRAP by Public Entities that apply IFRS Standards" (effective 1 April 2021) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.2.1 GRAP 104 (Revised 2019) - Financial Instruments

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

Preliminary investigations indicated that, other than additional disclosure, the impact of this Standard on the financial statements will not be significant.

1.08.2.2 GRAP 25 (Revised 2021) - Employee Benefits

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. This Standard was revised to align it with IPSAS 39 on Employee Benefits.

Preliminary investigations indicated that, other than additional disclosure, the impact of this Standard on the financial statements will not be significant.

1.08.2.3 iGRAP 7 (Revised 2021) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

This Interpretation addresses the following:

- (a) When refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling.
- (b) How a minimum funding requirement might affect the availability of reductions in future contributions.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

1.09 INVESTMENT PROPERTY

1.09.1 Initial Recognition

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, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset 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.



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

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

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

1.09.2 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.

1.09.3 Depreciation – Cost Model

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 the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and 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 |
|-----------|-------|
| Buildings | 100 |



1.09.4 Impairment

Investment property is 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.

1.09.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

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1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 Initial Recognition

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

The cost of an item of property, plant and equipment is recognised as an asset 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 at cost on its acquisition date. 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.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any 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.

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

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.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.10.2 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.

1.10.3 Depreciation

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 the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.



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

| | YEARS | | YEARS |
|-----------------------------|---------|-----------------------------------|----------|
| Land and Buildings | | Community | |
| Land | N/A | Community Facilities | 16 - 101 |
| Buildings | 9 - 101 | Sport and Recreational Facilities | 20 - 101 |
| | | Work in progress | N/A |
| Infrastructure | | Other | |
| Electrical | 9 - 115 | Computer Equipment | 5 - 17 |
| Roads | 4 - 50 | Furniture and Office Equipment | 5 - 31 |
| Sanitation | 5 - 60 | Machinery and Equipment | 5 - 36 |
| Storm Water | 4 - 50 | Transport Assets | 8 - 26 |
| Water Supply | 8 - 60 | | |
| Work in progress | N/A | | |
| Finance lease assets | | | |
| Office equipment | 3 - 11 | | |
| Transport Assets | 10 | | |

1.10.4 Impairment

Property, plant and equipment is 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.

1.10.5 Derecognition

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.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11 INTANGIBLE ASSETS

1.11.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset 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.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset 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.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any 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.

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, its deemed cost is the carrying amount of the asset(s) given up.



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

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.11.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

1.11.3 Amortisation

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 still subject to an annual impairment test.

Amortisation of an intangible with a finite life 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 the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, 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:

| | Years |
|-------------------|-------|
| Computer Software | 6-16 |

1.11.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment 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.

1.11.5 Derecognition

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.

1.12 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.



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The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

1.12.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of 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.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1.12.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. 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.

1.12.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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.

1.12.4 Reversal of an impairment loss

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

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal 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.

1.13 INVENTORIES

1.13.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.



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Inventories are recognised as an asset 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. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.13.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories 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.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

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

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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



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1.14 EMPLOYEE BENEFITS

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 during which they become payable.

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

1.14.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.14.1.1 Multi-employer defined benefit plans

The Municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. 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. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

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1.14.1.2 *Post Retirement Medical Benefits*

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. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is 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, are 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-term Benefits**

1.14.2.1 *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.

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 **Short-term Benefits**

1.14.3.1 *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 reporting date 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.

1.14.3.2 *Bonuses*

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.14.3.3 *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. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15 **PROVISIONS**

A provision is a liability of uncertain timing or amount. 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.



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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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

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.

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

1.16 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.16.1 Municipality as Lessee

1.16.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.16.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.



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1.16.2 Municipality as Lessor

1.16.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (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 asset (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 in the Statement of Financial Performance.

1.16.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.17 FINANCIAL INSTRUMENTS

1.17.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised 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.

1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.17.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.



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1.17.3.1 *Financial assets measured at amortised cost*

If there is objective evidence that an impairment loss on financial assets measured at amortised cost 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 discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.17.3.2 *Financial assets measured at cost*

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

1.17.4 **Derecognition of financial instruments**

1.17.4.1 *Financial assets*

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.17.4.2 *Financial liabilities*

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.17.5 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position 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.

1.18 **STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.18.1 **Initial Recognition**

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.18.2 **Subsequent Measurement**

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.



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1.18.3 Impairment and uncollectability of statutory receivables

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.

1.18.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.19 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.20 RECEIVABLES

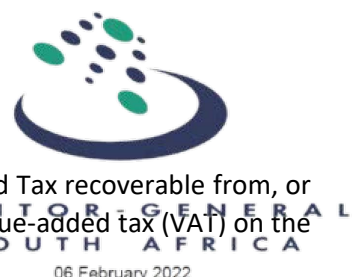
Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.21 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 in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.



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

1.22 PAYABLES AND ANNUITY LOANS

Payables and annuity loans 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.

1.23 CONSUMER DEPOSITS

Type text here

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.24 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.25 REVENUE

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 Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.25.1 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.

1.25.1.1 Taxation Revenue

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.



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

1.25.1.2 *Transfer Revenue*

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, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.25.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue.

1.25.1.4 *Insurance Refund*

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.

1.25.1.5 *Unclaimed deposits*

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.

1.25.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.25.1.7 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises 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.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.25.1.8 *Contributed Assets*

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.25.2 **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.



CEDERBERG LOCAL MUNICIPALITY

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

1.25.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. 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, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being 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. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

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 reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

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 number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1.25.2.2 Interest earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.25.2.3 Rental income

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

1.25.2.4 Income from Agency Services

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.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.25.2.5 Other Tariffs

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.

1.25.2.6 Sale of goods

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

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



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

1.25.2.7 *Deferred payment*

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

1.26 **BORROWING COSTS**

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.27 **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.

1.28 **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 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 **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.

1.30 **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 measured with sufficient reliability.

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

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.

1.31 **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.



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

1.32 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) 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.

1.33 RELATED PARTIES

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.

Related party transaction is a transfer of resources, services or obligations between the Municipality and a related party, regardless of whether a price is charged.

Management is considered a related party and comprises those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation, in instances where they are required to perform such functions.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

The Municipality is exempt from the disclosure requirements in relation to related party transactions if that transactions occurs within the normal supplier and/or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Municipality to have adopted if dealing with that individual entity or person in the same circumstances, and the terms and conditions are within the normal operating parameters established by Municipality's legal mandate.

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

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.

1.34 ACCOUNTING BY PRINCIPALS AND AGENTS

An agent is an is an entity that has been directed another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

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



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When the Municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether the Municipality is a principal or an agent requires the Municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

The Municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement shall re-assess whether they act as a principal or an agent in accordance with this Standard.

When the Municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If an entity concludes that it is not the agent, then it is the principal in the transactions.

The Municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- (a) It does not have the power to determine the significant terms and conditions of the transaction.
- (b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- (c) It is not exposed to variability in the results of the transaction.

Where the Municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

Where the Municipality acts as a principal, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

Where the Municipality acts as an agent, it recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The Municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of other Standards of GRAP.

1.35 LIVING AND NON-LIVING RESOURCES

Living resources are those resources that undergo biological transformation which comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, is not recognised as assets. The Standard only requires disclosure of the relevant resources.

The Municipality has assessed that it does not control any living resources, but is however responsible for non-living resources as set out in notes to the financial statements.

1.36 SEGMENT REPORTING

A segment is an activity of the Municipality:

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

Management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation.



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Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the Municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the Municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

1.37 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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:

1.37.1 Application of Directive 7

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

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

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

GRAP implementation date for the Municipality is 1 July 2009 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2009 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

1.37.2 Impairment of Receivables

The calculation in respect of the impairment of receivables 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.

1.37.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. 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 estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.



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1.37.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.37.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical benefits 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. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.37.6 Provisions and Contingent Liabilities

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

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. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by Statistics South Africa.

1.37.7 Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

1.37.8 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.37.9 Revenue Recognition

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

In considering the revenue to which the Municipality is entitled, the Municipality considers other factors that may impact the inflow of future economic benefits or service potential on initial recognition of revenue. Such factors include fines issued which will be reduced or withdrawn after reporting date. The Municipality applies judgement based on past experience and current facts and circumstances in order to adjust the traffic fine revenue accordingly.



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1.37.10 Recognition and Derecognition of Land

In order for land to meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

1.37.11 Materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

- (a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
- (b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.



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Figures in Rand

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CASH AND CASH EQUIVALENTS

| | 2021 | 2020 |
|--------------------------|------------------|-------------------|
| Bank Accounts | 5 311 494 | 8 913 223 |
| Call Investment Deposits | 4 432 167 | 7 766 727 |
| Cash Floats | 6 226 | 4 940 |
| Total | 9 749 887 | 16 684 890 |

Due to the short term nature of cash deposits, all balances included above are in line with their fair values.

Cash and Cash Equivalents are held to support the following:

| | | |
|---|------------------|-------------------|
| Department of Human Settlements - note 14 | 1 076 642 | 1 076 642 |
| Unspent Conditional Government Grants - note 15 | 1 081 961 | 27 474 112 |
| VAT Payable - note 44.3 | 2 323 611 | 1 419 503 |
| Performance Guarantee - note 14 | 325 502 | - |
| Total | 4 807 715 | 29 970 257 |

| | | |
|---|---|-------------------|
| Grant funding utilised for own working capital requirements | - | 13 285 367 |
|---|---|-------------------|

Overdraft facilities available during the financial year with the following banking institutions:

| | | |
|---------------|-----------|-----------|
| ABSA Bank | 6 000 000 | 6 000 000 |
| Standard Bank | 6 000 000 | 6 000 000 |

| | | |
|--|-----------|-----------|
| Guarantee in favour of Eskom registered with Standard Bank | 2 900 000 | 2 900 000 |
|--|-----------|-----------|

The comparative amount of the guarantees were restated as the said Eskom guarantee was omitted in prior year's financial statements.

Bank Accounts

| | | |
|---|------------------|------------------|
| Standard Bank - Account number 082163324 (Main Current Account) | 4 992 037 | 1 235 154 |
| Standard Bank - Account number 072194480 (Traffic Account) | - | - |
| Standard Bank - Account number 072194774 (Service Account) | - | 5 127 184 |
| Standard Bank - Account number 032630263 (Current Account for debit orders) | 319 377 | 203 916 |
| Standard Bank - Account number 032630263 (Credit Card for Petty Cash) | 80 | - |
| ABSA - Account number 40-5357-8397 (Current Account) | - | 2 346 970 |
| ABSA - Account number 40-7639-1003 (Traffic Account) | - | - |
| ABSA - Account number 40-7639-1273 (Service Account) | - | - |
| Total | 5 311 494 | 8 913 223 |

Bank accounts consists out of the following accounts:

Standard Bank - Account number 082163324 (Main Current Account)

| | | |
|---|-----------|-----------|
| Cash book balance at beginning of year | 1 235 154 | 473 |
| Cash book balance at end of year | 4 992 037 | 1 235 154 |
| Bank statement balance at beginning of year | 838 332 | 473 |
| Bank statement balance at end of year | 4 779 214 | 838 332 |

Standard Bank - Account number 072194480 (Traffic Account)

| | | |
|---|---|---|
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | - | - |
| Bank statement balance at beginning of year | - | - |
| Bank statement balance at end of year | - | - |

Standard Bank - Account number 072194774 (Service Account)

| | | |
|---|-----------|-----------|
| Cash book balance at beginning of year | 5 127 184 | - |
| Cash book balance at end of year | - | 5 127 184 |
| Bank statement balance at beginning of year | 5 127 184 | - |
| Bank statement balance at end of year | - | 5 127 184 |



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2 CASH AND CASH EQUIVALENTS (CONTINUED)

Standard Bank - Account number 032630263 (Current Account for debit orders)

| | 2021 | 2020 |
|---|---------|---------|
| Cash book balance at beginning of year | 203 916 | - |
| Cash book balance at end of year | 319 377 | 203 916 |
| Bank statement balance at beginning of year | 203 916 | - |
| Bank statement balance at end of year | 319 377 | 203 916 |

Standard Bank - Account number 032630263 (Credit Card for Petty Cash)

| | | |
|---|----|---|
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | 80 | - |
| Bank statement balance at beginning of year | - | - |
| Bank statement balance at end of year | 80 | - |

ABSA - Account number 40-5357-8397 (Current Account) - closed during 2020/21

| | | |
|---|-----------|-----------|
| Cash book balance at beginning of year | 2 346 970 | 3 449 880 |
| Cash book balance at end of year | - | 2 346 970 |
| Bank statement balance at beginning of year | 1 866 086 | 2 944 803 |
| Bank statement balance at end of year | - | 1 866 086 |

ABSA - Account number 40-7639-1003 (Traffic Account) - account closed during 2019/20

| | | |
|---|---|---|
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | - | - |
| Bank statement balance at beginning of year | - | - |
| Bank statement balance at end of year | - | - |

ABSA - Account number 40-7639-1273 (Service Account) - account closed during 2019/20

| | | |
|---|---|---|
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | - | - |
| Bank statement balance at beginning of year | - | - |
| Bank statement balance at end of year | - | - |

Call Investment Deposits

Call investment deposits consist out of the following accounts:

| | | |
|--------------------------------------|------------------|------------------|
| Standard Bank - Acc no 088893065-001 | 4 106 665 | 7 766 727 |
| Standard Bank - Acc no 088893065-002 | 325 502 | - |
| Total | 4 432 167 | 7 766 727 |

A performance guarantee paid by a contractor amounting to R325 502 is included in the Call Investment Deposits. The said amount serve as security for the deposit as set out in note 14.

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

| | | |
|-------------|------------|------------|
| Electricity | 25 718 336 | 23 076 041 |
| Water | 36 188 115 | 38 710 447 |
| Refuse | 11 778 829 | 14 406 472 |
| Sewerage | 16 551 583 | 18 047 670 |
| Other | 10 435 725 | 8 117 974 |

Total Gross Balance

Less: Allowance for Debt Impairment

Total Net Receivable

| | |
|--------------------|--------------------|
| 100 672 589 | 102 358 604 |
| (75 395 303) | (75 185 103) |
| 25 277 285 | 27 173 501 |

Other Service Receivables consist out of interest, sundry services and rentals.



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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +2% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

| | | |
|---|-------------------|-------------------|
| Balance at the beginning of the year | 75 185 103 | 43 230 709 |
| Movement in the contribution to the provision | 22 102 950 | 32 756 028 |
| Bad Debts Written off | (21 892 750) | (801 634) |
| Balance at the end of the year | 75 395 303 | 75 185 103 |

The allowance for impairment of receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. Outstanding debt older than 1 year has been impaired in full. No allowance for debt impairment is made for outstanding government debt. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

| | Gross Balance R | Allowance for Debt Impairment R | Net Receivable R |
|----------------------------|--------------------|---------------------------------------|---------------------|
| 30 June 2021 | | | |
| Service Receivables | | | |
| Electricity | 25 718 336 | (12 177 902) | 13 540 434 |
| Water | 36 188 115 | (29 315 007) | 6 873 108 |
| Refuse | 11 778 829 | (9 937 928) | 1 840 901 |
| Sewerage | 16 551 583 | (14 472 972) | 2 078 610 |
| Other | 10 435 725 | (9 491 494) | 944 232 |
| Total | 100 672 589 | (75 395 303) | 25 277 285 |
| 30 June 2020 | | | |
| Service Receivables | | | |
| Electricity | 23 076 041 | (8 998 408) | 14 077 634 |
| Water | 38 710 447 | (31 399 442) | 7 311 005 |
| Refuse | 14 406 472 | (11 983 660) | 2 422 812 |
| Sewerage | 18 047 670 | (15 370 306) | 2 677 364 |
| Other | 8 117 974 | (7 433 287) | 684 687 |
| Total | 102 358 604 | (75 185 103) | 27 173 501 |

Ageing of Receivables from Exchange Transactions

Electricity

| | | |
|-----------------------|-------------------|-------------------|
| 0 - 30 Days (Current) | 10 191 132 | 8 822 604 |
| 1 to 3 months | 3 556 551 | 4 716 508 |
| 4 months to 1 year | 4 315 326 | 3 558 148 |
| Over 1 year | 7 655 327 | 5 978 781 |
| Total | 25 718 336 | 23 076 041 |

Water

| | | |
|-----------------------|-------------------|-------------------|
| 0 - 30 Days (Current) | 3 566 218 | 3 090 708 |
| 1 to 3 months | 4 786 136 | 4 972 789 |
| 4 months to 1 year | 9 158 450 | 9 848 418 |
| Over 1 year | 18 677 311 | 20 798 532 |
| Total | 36 188 115 | 38 710 447 |



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| | 2021 | 2020 |
|---|--------------------|--------------------|
| 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED) | | |
| Refuse | | |
| 0 - 30 Days (Current) | 1 001 929 | 981 327 |
| 1 to 3 months | 1 907 570 | 1 895 751 |
| 4 months to 1 year | 4 035 809 | 3 682 668 |
| Over 1 year | 4 833 521 | 7 846 726 |
| Total | 11 778 829 | 14 406 472 |
| Sewerage | | |
| 0 - 30 Days (Current) | 843 786 | 919 704 |
| 1 to 3 months | 1 673 969 | 1 687 841 |
| 4 months to 1 year | 3 542 232 | 5 635 450 |
| Over 1 year | 10 491 596 | 9 804 674 |
| Total | 16 551 583 | 18 047 670 |
| Other | | |
| 0 - 30 Days (Current) | 459 018 | 527 795 |
| 1 to 3 months | 1 327 665 | 1 446 404 |
| 4 months to 1 year | 3 587 489 | 3 050 482 |
| Over 1 year | 5 061 554 | 3 093 292 |
| Total | 10 435 725 | 8 117 974 |
| Summary Ageing of all Receivables from Exchange Transactions | | |
| 0 - 30 Days (Current) | 16 062 083 | 14 342 139 |
| 1 to 3 months | 13 251 890 | 14 719 294 |
| 4 months to 1 year | 24 639 306 | 25 775 166 |
| Over 1 year | 46 719 309 | 47 522 006 |
| Total | 100 672 589 | 102 358 604 |
| 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS | | |
| Service Receivables | | |
| Property Rates | 34 408 784 | 32 871 198 |
| Other Receivables | 18 810 385 | 40 336 448 |
| Unpaid Traffic Fines | 15 822 087 | 37 923 474 |
| Suspense Debtors | 1 705 125 | 1 385 748 |
| Deposits | 1 283 173 | 1 027 227 |
| Total Gross Balance | 53 219 169 | 73 207 647 |
| Less: Allowance for Debt Impairment | (42 398 106) | (60 990 825) |
| Total Net Receivable | 10 821 063 | 12 216 822 |
| As previously reported | | 12 998 741 |
| Correction of error restatement - note 38.1 | | (781 919) |
| Restated balance | | 12 216 822 |

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. 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 receivables on initial recognition is not deemed necessary. Interest of prime +2% is levied on late payments.



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4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Reconciliation of Allowance for Debt Impairment

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Balance at the beginning of the year | 60 990 825 | 44 425 494 |
| Movement in the contribution to the provision | 10 335 621 | 17 055 927 |
| Property Rates | 3 653 829 | 7 352 940 |
| Traffic Fines | 6 681 792 | 9 702 987 |
| Bad Debts Written off | (28 928 340) | (490 596) |
| Property Rates | (649 517) | (490 596) |
| Traffic Fines | (28 278 823) | - |
| Balance at the end of the year | 42 398 106 | 60 990 825 |

The allowance for debt impairment of property rates has been made for all balances outstanding based on the payment ratio over the last 12 months. Outstanding debt older than 1 year has been impaired in full. No allowance for debt impairment is made for outstanding government debt. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

The allowance for debt impairment of unpaid traffic fines has been made for all balances outstanding based on the cumulative collection rate. All unpaid traffic fines older than 1 year are impaired in full.

| | Gross Balance R | Allowance for Debt Impairment R | Net Receivable R |
|----------------------------|--------------------|---------------------------------------|---------------------|
| 30 June 2021 | | | |
| Service Receivables | | | |
| Property Rates | 34 408 784 | (27 320 693) | 7 088 091 |
| Other Receivables | | | |
| Unpaid Traffic Fines | 15 822 087 | (15 077 413) | 744 673 |
| Suspense Debtors | 1 705 125 | - | 1 705 125 |
| Deposits | 1 283 173 | - | 1 283 173 |
| Total | 53 219 169 | (42 398 106) | 10 821 063 |
| 30 June 2020 | | | |
| Service Receivables | | | |
| Property Rates | 32 871 198 | (24 316 381) | 8 554 817 |
| Other Receivables | | | |
| Unpaid Traffic Fines | 37 923 474 | (36 674 444) | 1 249 029 |
| Suspense Debtors | 1 385 748 | - | 1 385 748 |
| Deposits | 1 027 227 | - | 1 027 227 |
| Total | 73 207 647 | (60 990 825) | 12 216 822 |

Ageing of Receivables from Non-Exchange Transactions

Property Rates

| | | |
|-----------------------|-------------------|-------------------|
| 0 - 30 Days (Current) | 3 354 494 | 3 188 816 |
| 1 to 3 months | 3 996 523 | 4 830 583 |
| 4 months to 1 year | 7 311 537 | 6 950 860 |
| Over 1 year | 19 746 230 | 17 900 939 |
| Total | 34 408 784 | 32 871 198 |



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| | 2021 | 2020 |
|--|------------------|------------------|
| 5 TAXES | | |
| VAT Claimable/(Payable) | (2 341 594) | (1 704 694) |
| VAT Input in Suspense | 9 169 235 | 7 821 311 |
| VAT Output in Suspense - net | (2 366 018) | (3 025 972) |
| VAT Output in Suspense | (10 726 541) | (11 584 549) |
| Less: VAT on Allowance for Debt Impairment | 8 360 523 | 8 558 578 |
| Total | 4 461 622 | 3 090 646 |
| Reconciliation of VAT on Allowance for Debt Impairment | | |
| Balance at beginning of year | 8 558 578 | 5 271 455 |
| Debt Impairment for current year | (198 055) | 3 287 123 |
| Balance at the end of the year | 8 360 523 | 8 558 578 |
| 6 OPERATING LEASES | | |
| 6.1 OPERATING LEASE ASSETS | | |
| Operating Lease Asset | 4 956 | 5 429 |
| The operating lease asset is derived from contracts where the Municipality acts as the lessor in the agreement. | | |
| Reconciliation of Operating Lease Asset | | |
| Balance at the beginning of the year | 5 429 | 452 |
| Movement during the year | (473) | 4 977 |
| Balance at the end of the year | 4 956 | 5 429 |
| The Municipality will receive the following lease payments from contracts that have defined lease payments and terms. | | |
| Within 1 Year | 96 422 | 95 843 |
| Between 1 and 5 Years | 5 953 | 91 214 |
| After 5 Years | - | - |
| Total operating lease payments | 102 375 | 187 057 |
| 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 and buildings being leased. Escalation between 6% and 10% are applicable on the leases. The renewal option after lapsing of the contracts are available. | | |
| The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year. | | |
| 6.2 OPERATING LEASE LIABILITIES | | |
| Operating Lease Liability | 7 570 | 14 121 |
| The operating lease liability is derived from contracts where the Municipality acts as the lessee in the agreement. | | |
| Reconciliation of Operating Lease Liability | | |
| Balance at the beginning of the year | 14 121 | 12 534 |
| Movement during the year | (6 551) | 1 587 |
| Balance at the end of the year | 7 570 | 14 121 |

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6 OPERATING LEASES (CONTINUED)

The Municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

| | | |
|---------------------------------------|----------------|------------------|
| Within 1 Year | 726 709 | 770 985 |
| Between 1 and 5 Years | 42 390 | 478 669 |
| After 5 Years | - | - |
| Total operating lease payments | 769 099 | 1 249 654 |

The leases are in respect of land and buildings being leased. Escalations between 4% and 10% are applicable on the leases. The renewal option after lapsing of the contracts are available.

The Municipality does not engage in any sub-lease arrangements.

The Municipality did not pay any contingent rent during the year.

7 LONG-TERM RECEIVABLES

| | | |
|--|----------|----------|
| Receivables with repayment arrangements | 31 969 | - |
| Less: Current portion of Long-term Receivables | (31 969) | - |
| Total | - | - |

Debtors amounting to R31 969 have arranged to settle their account over an re-negotiated period. No payments have been deferred beyond 12 months after year end.

8 INVENTORY

| | | |
|---------------------------------|------------------|------------------|
| Maintenance Materials - at cost | 1 215 280 | 1 215 790 |
| Water – at cost | 190 734 | 171 752 |
| Total | 1 406 014 | 1 387 542 |

Inventory are disclosed at the lower of cost or net realisable value.

No inventory were pledged as security for liabilities.

| | | |
|---|---|---|
| Inventory written down due to losses identified during the annual stores counts | - | - |
| | | |

| | | |
|--|-----------|-----------|
| Inventory recognised as an expense during the year | 2 195 825 | 2 170 706 |
| | | |

9 INVESTMENT PROPERTY

| | | |
|--------------------------------------|-------------------|-------------------|
| Investment Property - Carrying Value | 77 058 849 | 77 144 463 |
|--------------------------------------|-------------------|-------------------|

The carrying value of Investment Property is reconciled as follows:

| | | |
|-------------------------------|-------------------|-------------------|
| Opening Carrying Value | 77 144 463 | 77 214 288 |
| Cost | 77 771 201 | 77 788 776 |
| Accumulated Depreciation | (626 738) | (574 488) |
| Accumulated Impairment | - | - |
| Depreciation for the year | (52 250) | (52 250) |
| Disposals | (33 365) | (17 575) |
| Closing Carrying Value | 77 058 849 | 77 144 463 |
| Cost | 77 737 836 | 77 771 201 |
| Accumulated Depreciation | (678 987) | (626 738) |
| Accumulated Impairment | - | - |



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9 INVESTMENT PROPERTY (CONTINUED)

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

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

No significant operating expenditure was incurred on investment property during the 2020/21 and 2019/20 financial year.

Cost of land included in asset register of which the Municipality is not the legal owner (iGRAP 18)

408 700

408 700

The Municipality has assessed that it controls the above-mentioned land of which it is not the legal owner. The said land pertains to the town of Elands Bay of which the demarcation borders were revised and accordingly included in the jurisdictional area of the Municipality. The title deeds of the said erven have not been transferred to the Municipality.

10 PROPERTY, PLANT AND EQUIPMENT

| | Cost R | Accumulated Depreciation R | Accumulated Impairment R | Carrying Value R |
|---|--------------------|----------------------------------|--------------------------------|------------------------|
| 30 June 2021 | | | | |
| Land and Buildings | 22 492 858 | (1 362 209) | - | 21 130 650 |
| Infrastructure | 819 838 327 | (295 193 658) | - | 524 644 670 |
| Leased Assets | 7 966 690 | (2 074 688) | - | 5 892 002 |
| Community Assets | 77 372 986 | (5 917 567) | - | 71 455 419 |
| Other Assets | 29 760 607 | (17 464 504) | - | 12 296 102 |
| Capitalised Restoration Cost | 23 069 258 | (10 816 554) | (607 849) | 11 644 854 |
| Total | 980 500 725 | (332 829 180) | (607 849) | 647 063 696 |
| 30 June 2020 | | | | |
| Land and Buildings | 22 346 044 | (1 228 405) | - | 21 117 639 |
| Infrastructure | 776 860 789 | (277 504 752) | - | 499 356 037 |
| Leased Assets | 8 192 488 | (1 448 079) | - | 6 744 409 |
| Community Assets | 75 778 007 | (5 245 099) | - | 70 532 909 |
| Other Assets | 29 530 406 | (15 589 627) | - | 13 940 779 |
| Capitalised Restoration Cost | 13 103 974 | (10 480 668) | (57 948) | 2 565 358 |
| Total | 925 811 708 | (311 496 630) | (57 948) | 614 257 130 |
| As previously reported | | | | 614 010 943 |
| Correction of error restatement - note 38.2 | | | | 25 365 |
| Correction of error restatement - note 38.3 | | | | 220 822 |
| Restated balance | | | | 614 257 130 |

10.1 Repairs and maintenance incurred on Property, Plant and Equipment

6 350 128

9 891 626

10.2 Cost of land included in asset register of which the Municipality is not the legal owner (iGRAP 18)

1 926 800

1 926 800

The Municipality has assessed that it controls the above-mentioned land of which it is not the legal owner. The said land pertains to the town of Elands Bay of which the demarcation borders were revised and accordingly included in the jurisdictional area of the Municipality. The title deeds of the said erven have not been transferred to the Municipality.



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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.3 Capital Restorations Costs

The Municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Municipality.

10.4 Carrying value of Property, Plant and Equipment pledged as security

5 892 002

6 744 409

The leased assets are financed through a finance lease agreement and are secured as set out in note 12.

10.5 Change in estimate useful lives

During the current year the remaining useful lives of Property, Plant and Equipment were reviewed, and accordingly adjusted. The effect on the current and future periods are as follow:

| | 2021 | 2022 |
|--|-----------|-----------|
| Increase / (Decrease) in Depreciation and Amortisation | (510 787) | 510 787 |
| Increase / (Decrease) in Accumulated Surplus | 510 787 | (510 787) |
| Increase / (Decrease) in Property, Plant and Equipment | 510 787 | (510 787) |

10.6 Work in Progress projects taking a significant longer period to complete

- *Citrusdal Waste Water Treatment Works* - 67 982 594
This project was completed during the current year.

- *Lamberts Bay Desalination Plant* 58 788 544 58 788 544
Funding amounting to R21.973 million for this project was made available with the DoRA for 2021/22. However, the amount is a schedule 6B allocation, which means that it is an allocation in-kind through which the National Department will implement the project in the Municipality. The projected completion date is 30 June 2022.

- *Clanwilliam Water Treatment Works* 4 021 319 4 021 319
The project is registered with the Regional Bulk Infrastructure Grant (RBIG) of the Department of Water and Sanitation. The Implementation Readiness Study (IRS) which is a requirement for RBIG projects was approved by the RBIG committee and is awaiting Cederberg Council approval. However, counter-funding in the region of R15 million is required from the Municipality as its non-social component contribution towards the project. The waiver of counter funding applications to National Treasury have been unsuccessful.

- *Upgrade sidewalks and build new sidewalks in Denne Street* 119 281 119 281
This project is about 70% completed and will be completed once internal funding becomes available.

- *Ablution facilities in Khayelitsha* - 1 876 674
This project was completed during the current year.

- *Construction of sewerage pump stations* 7 245 604 7 245 604
Project is at practical completion stage with a snag list. The trial period ended and site handover to the Municipality was on 18 March 2021. Irrigation pump station and pipeline is expected be implemented in the current financial year and expenditure has been incurred.

- *Elands Bay economic corridor* 1 124 162 1 124 162
Funding has been made available in the 2021/22 financial year for remaining upgrades, after which it is expected to be fully functional. Expected completion date is 30 June 2022.



1 124 162 1 124 162
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|---|-------------------|--------------------|
| 10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED) | | |
| - <i>Upgrading of sport fields - Lamberts Bay</i> Project will be completed once internal funds become available. | 95 641 | 95 641 |
| - <i>Upgrading of sport fields - Clanwilliam</i> Project construction progress by 30 June 2021 is 60% with the outstanding work to be completed by 30 September 2021. | 6 399 552 | 6 399 552 |
| - <i>Lambertsbay Borehole Development</i> The Municipality is in consultation with the relevant stakeholders to reach an agreement with the farmers for access to their land for development. The process includes the use of groundwater and to obtain the relevant WULA applications. It is anticipated that the application will be finalised in this financial year. | 448 150 | - |
| Total | 78 242 252 | 147 653 370 |

No impairment has been recognised on the above-mentioned projects.



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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.7 Reconciliation of Carrying Value

| 30 June 2021 | Cost | | | | | | Accumulated Depreciation and Impairment | | | | | Carrying Value |
|-------------------------------------|--------------------|-------------------|------------------|--------------------|----------------------------|--------------------|---|---------------------|-----------------------|------------------|--------------------|--------------------|
| | Opening Balance | Additions | Disposals | Contributed Assets | Transfer to Capital Assets | Closing Balance | Opening Balance | Depreciation Charge | Impairment (Reversal) | Disposals | Closing Balance | |
| | R | R | R | R | R | R | R | R | R | R | R | |
| Land and Buildings | 22 346 044 | 110 352 | - | - | 36 463 | 22 492 858 | 1 228 405 | 133 804 | - | - | 1 362 209 | 21 130 650 |
| Land | 8 184 902 | 29 889 | - | - | - | 8 214 791 | - | - | - | - | - | 8 214 791 |
| Buildings | 14 161 142 | 56 940 | - | - | 59 986 | 14 278 067 | 1 228 405 | 133 804 | - | - | 1 362 209 | 12 915 859 |
| Work in progress | - | 23 522 | - | - | (23 522) | - | - | - | - | - | - | - |
| Infrastructure | 776 860 789 | 43 014 002 | - | - | (36 463) | 819 838 327 | 277 504 752 | 17 688 906 | - | - | 295 193 658 | 524 644 670 |
| Electrical | 165 807 491 | 43 400 | - | - | 155 848 | 166 006 739 | 86 737 213 | 4 085 153 | - | - | 90 822 366 | 75 184 373 |
| Roads | 142 811 982 | - | - | - | 29 256 644 | 172 068 627 | 71 333 739 | 5 203 852 | - | - | 76 537 592 | 95 531 035 |
| Sanitation | 108 454 047 | 27 000 | - | - | 82 526 096 | 191 007 143 | 40 842 728 | 3 746 373 | - | - | 44 589 101 | 146 418 042 |
| Storm Water | 27 747 507 | - | - | - | - | 27 747 507 | 6 154 110 | 549 585 | - | - | 6 703 695 | 21 043 812 |
| Water Supply | 152 594 004 | 156 188 | - | - | 19 559 051 | 172 309 244 | 72 436 962 | 4 103 942 | - | - | 76 540 904 | 95 768 340 |
| Work in progress | 179 445 756 | 42 787 413 | - | - | (131 534 102) | 90 699 068 | - | - | - | - | - | 90 699 068 |
| Leased Assets | 8 192 488 | - | (225 799) | - | - | 7 966 690 | 1 448 079 | 670 509 | - | (43 900) | 2 074 688 | 5 892 002 |
| Furniture and Office Equipment | 3 791 849 | - | - | - | - | 3 791 849 | 774 813 | 426 327 | - | - | 1 201 139 | 2 590 710 |
| Transport Assets | 4 400 639 | - | (225 799) | - | - | 4 174 840 | 673 267 | 244 182 | - | (43 900) | 873 549 | 3 301 292 |
| Community Assets | 75 778 007 | 1 594 978 | - | - | - | 77 372 986 | 5 245 099 | 672 468 | - | - | 5 917 567 | 71 455 419 |
| Community Facilities | 16 794 857 | 35 806 | - | - | - | 16 830 663 | 1 062 495 | 139 705 | - | - | 1 202 199 | 15 628 463 |
| Sport and Recreational Facilities | 51 363 795 | - | - | - | - | 51 363 795 | 4 182 604 | 532 763 | - | - | 4 715 368 | 46 648 428 |
| Work in progress | 7 619 355 | 1 559 172 | - | - | - | 9 178 527 | - | - | - | - | - | 9 178 527 |
| Other Assets | 29 530 406 | 389 804 | (159 604) | - | - | 29 760 607 | 15 589 627 | 1 972 200 | - | (97 323) | 17 464 504 | 12 296 102 |
| Computer Equipment | 2 862 690 | 187 547 | (45 777) | - | - | 3 004 459 | 1 620 839 | 283 337 | - | (35 135) | 1 869 041 | 1 135 418 |
| Furniture and Office Equipment | 7 032 725 | 13 245 | (57 919) | - | - | 6 988 052 | 3 908 376 | 501 343 | - | (29 129) | 4 380 590 | 2 607 462 |
| Machinery and Equipment | 10 107 705 | 189 012 | (55 908) | - | - | 10 240 809 | 5 434 000 | 764 317 | - | (33 059) | 6 165 258 | 4 075 552 |
| Transport Assets | 9 527 286 | - | - | - | - | 9 527 286 | 4 626 412 | 423 203 | - | - | 5 049 615 | 4 477 671 |
| Capitalised Restoration Cost | 13 103 974 | 9 965 284 | - | - | - | 23 069 258 | 10 538 616 | 335 886 | 549 901 | - | 11 424 404 | 11 644 854 |
| Landfill Site Rehabilitation | 13 103 974 | 9 965 284 | - | - | - | 23 069 258 | 10 538 616 | 335 886 | 549 901 | - | 11 424 404 | 11 644 854 |
| | 925 811 708 | 55 074 420 | (385 402) | - | - | 980 500 725 | 311 554 578 | 21 473 774 | 549 901 | (141 224) | 333 437 029 | 647 063 696 |



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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.7 Reconciliation of Carrying Value

| 30 June 2020 | Cost | | | | | | Accumulated Depreciation and Impairment | | | | | Carrying Value |
|-------------------------------------|--------------------|-------------------|--------------------|--------------------|----------------------------|--------------------|---|---------------------|-----------------------|--------------------|--------------------|--------------------|
| | Opening Balance | Additions | Disposals | Contributed Assets | Transfer to Capital Assets | Closing Balance | Opening Balance | Depreciation Charge | Impairment (Reversal) | Disposals | Closing Balance | |
| | R | R | R | R | R | R | R | R | R | R | R | |
| Land and Buildings | 22 317 769 | 28 275 | - | - | - | 22 346 044 | 1 098 017 | 130 388 | - | - | 1 228 405 | 21 117 639 |
| Land | 8 184 902 | - | - | - | - | 8 184 902 | - | - | - | - | - | 8 184 902 |
| Buildings | 14 132 867 | - | - | - | 28 275 | 14 161 142 | 1 098 017 | 130 388 | - | - | 1 228 405 | 12 932 737 |
| Work in progress | - | 28 275 | - | - | (28 275) | - | - | - | - | - | - | - |
| Infrastructure | 745 021 409 | 32 153 314 | (313 935) | - | - | 776 860 789 | 263 436 313 | 14 323 872 | - | (255 433) | 277 504 752 | 499 356 037 |
| Electrical | 152 151 742 | - | (313 935) | - | 13 969 685 | 165 807 491 | 83 109 024 | 3 883 622 | - | (255 433) | 86 737 213 | 79 070 278 |
| Roads | 142 771 576 | - | - | - | 40 406 | 142 811 982 | 67 482 610 | 3 851 130 | - | - | 71 333 739 | 71 478 243 |
| Sanitation | 108 098 341 | 206 052 | - | - | 149 653 | 108 454 047 | 38 353 079 | 2 489 648 | - | - | 40 842 728 | 67 611 319 |
| Storm Water | 27 747 507 | - | - | - | - | 27 747 507 | 5 604 524 | 549 585 | - | - | 6 154 110 | 21 593 397 |
| Water Supply | 141 712 827 | - | - | - | 10 881 178 | 152 594 004 | 68 887 075 | 3 549 887 | - | - | 72 436 962 | 80 157 042 |
| Work in progress | 172 539 416 | 31 947 262 | - | - | (25 040 922) | 179 445 756 | - | - | - | - | - | 179 445 756 |
| Leased Assets | 7 779 428 | 748 550 | (335 490) | - | - | 8 192 488 | 1 105 500 | 663 349 | - | (320 769) | 1 448 079 | 6 744 409 |
| Furniture and Office Equipment | 3 378 789 | 748 550 | (335 490) | - | - | 3 791 849 | 676 447 | 419 135 | - | (320 769) | 774 813 | 3 017 037 |
| Transport Assets | 4 400 639 | - | - | - | - | 4 400 639 | 429 053 | 244 213 | - | - | 673 267 | 3 727 372 |
| Community Assets | 75 501 495 | 276 513 | - | - | - | 75 778 007 | 4 577 886 | 667 213 | - | - | 5 245 099 | 70 532 909 |
| Community Facilities | 16 737 591 | - | - | - | 57 266 | 16 794 857 | 925 328 | 137 167 | - | - | 1 062 495 | 15 732 363 |
| Sport and Recreational Facilities | 51 226 797 | - | - | - | 136 998 | 51 363 795 | 3 652 558 | 530 046 | - | - | 4 182 604 | 47 181 191 |
| Work in progress | 7 537 106 | 276 513 | - | - | (194 264) | 7 619 355 | - | - | - | - | - | 7 619 355 |
| Other Assets | 28 814 379 | 1 377 183 | (661 156) | - | - | 29 530 406 | 14 135 414 | 1 999 902 | - | (545 689) | 15 589 627 | 13 940 779 |
| Computer Equipment | 2 895 668 | 19 750 | (52 728) | - | - | 2 862 690 | 1 366 313 | 296 647 | - | (42 120) | 1 620 839 | 1 241 850 |
| Furniture and Office Equipment | 7 041 009 | 169 333 | (177 617) | - | - | 7 032 725 | 3 539 128 | 527 727 | - | (158 479) | 3 908 376 | 3 124 349 |
| Machinery and Equipment | 9 350 416 | 1 188 099 | (430 811) | - | - | 10 107 705 | 5 026 823 | 752 266 | - | (345 089) | 5 434 000 | 4 673 705 |
| Transport Assets | 9 527 286 | - | - | - | - | 9 527 286 | 4 203 150 | 423 262 | - | - | 4 626 412 | 4 900 874 |
| Capitalised Restoration Cost | 18 083 014 | 295 424 | (5 274 464) | - | - | 13 103 974 | 9 682 781 | 797 887 | 57 948 | - | 10 538 616 | 2 565 358 |
| Landfill Site Rehabilitation | 18 083 014 | 295 424 | (5 274 464) | - | - | 13 103 974 | 9 682 781 | 797 887 | 57 948 | - | 10 538 616 | 2 565 358 |
| | 897 517 494 | 34 879 258 | (6 585 044) | - | - | 925 811 708 | 294 035 911 | 18 582 611 | 57 948 | (1 121 891) | 311 554 578 | 614 257 130 |



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| | 2021 | 2020 |
|---|------------------|------------------|
| 11 INTANGIBLE ASSETS | | |
| Intangible Assets - Carrying Value | 1 254 360 | 1 476 849 |
| The carrying value of intangible Assets is reconciled as follows: | | |
| Opening Carrying Value | 1 476 849 | 1 700 721 |
| Cost | 2 357 851 | 2 359 342 |
| Accumulated Amortisation | (881 002) | (658 621) |
| Accumulated Impairment | - | - |
| Additions | - | - |
| Amortisation | (222 315) | (223 574) |
| Disposal | (175) | (298) |
| Cost | (1 305) | (1 491) |
| Accumulated Amortisation | 1 130 | 1 193 |
| Closing Carrying Value | 1 254 360 | 1 476 849 |
| Cost | 2 356 546 | 2 357 851 |
| Accumulated Amortisation | (1 102 187) | (881 002) |
| Accumulated Impairment | - | - |

Intangible Assets consist only out of software.

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

During the current year the remaining useful lives of Intangible Assets were reviewed, and accordingly adjusted. The effect on the current and future periods are as follow:

| | 2021 | 2022 |
|--|---------|---------|
| Increase / (Decrease) in Depreciation and Amortisation | (1 159) | 1 159 |
| Increase / (Decrease) in Accumulated Surplus | 1 159 | (1 159) |
| Increase / (Decrease) in Intangible Assets | 1 159 | (1 159) |

12 LONG-TERM LIABILITIES

| | | |
|--|-------------------|-------------------|
| Annuity Loans | 10 089 070 | 12 752 536 |
| Finance Lease Liabilities | 2 392 001 | 4 446 019 |
| Sub-Total | 12 481 071 | 17 198 555 |
| Less: Current portion of Long-term Liabilities | 5 178 934 | 4 717 622 |
| Annuity Loans | 2 950 140 | 2 663 604 |
| Finance Lease Liabilities | 2 228 794 | 2 054 018 |
| Total | 7 302 137 | 12 480 933 |

Long-term Liabilities were utilised as follow:

| | | |
|---|--------------|--------------|
| Total Long-term Liabilities taken up | 12 481 071 | 17 198 555 |
| Used to finance Property, Plant and Equipment at cost | (12 481 071) | (17 198 555) |
| Unspent Borrowings | - | - |

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



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12 LONG-TERM LIABILITIES (CONTINUED)

12.1 Annuity Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

| Institution and loan number | Rate | Maturity Date | Carrying Value of Liability | |
|------------------------------|--------|---------------|-----------------------------|-------------------|
| ABSA (038-723-0992) | 9.84% | 1 April 2025 | 1 556 127 | 1 859 235 |
| ABSA (038-723-0993) | 10.43% | 17 June 2025 | 2 631 936 | 3 136 249 |
| ABSA (038-723-0994) | 10.45% | 17 Nov 2025 | 1 166 387 | 1 359 262 |
| ABSA (038-723-0995) | 11.33% | 30 Jun 2026 | 1 278 702 | 1 458 736 |
| Standard Bank (03-263-793-4) | 10.36% | 31 Mar 2023 | 3 455 919 | 4 939 053 |
| Total | | | 10 089 070 | 12 752 536 |

All annuity loans are unsecured.

Annuity loans are payable as follows:

| | | |
|--|-------------------|-------------------|
| Payable within one year | 3 943 090 | 3 943 090 |
| Payable within two to five years | 8 425 064 | 11 857 332 |
| Payable after five years | - | 510 819 |
| Total amount payable | 12 368 154 | 16 311 241 |
| Less: Outstanding Future Finance Charges | (2 279 084) | (3 558 705) |
| Present value of annuity loans | 10 089 070 | 12 752 536 |

12.2 Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

| Description | Maturity Date | Carrying Value of Liability | |
|-------------------------------------|---------------|-----------------------------|------------------|
| Xerox AltaLink C8055 | 28 Feb 2021 | - | 21 039 |
| Xerox Versalink C7025 | 28 Feb 2021 | - | 155 987 |
| Samsung 057400 Pabx System | 31 May 2022 | 1 156 006 | 2 069 569 |
| Isuzu Kb 250C Fleetside Regular Cab | 1 Jul 2022 | 60 075 | 109 649 |
| Isuzu Kb 250C Fleetside Regular Cab | 1 Jul 2022 | 60 075 | 109 649 |
| Isuzu Kb 250C Fleetside Regular Cab | 1 Jul 2022 | 60 075 | 109 649 |
| Chevrolet Utility 1.4 + A/C (M18) | 1 Jul 2022 | 44 967 | 82 074 |
| Chevrolet Utility 1.4 + A/C (M18) | 1 Jul 2022 | 44 967 | 82 074 |
| Isuzu Kb 250C Fleetside Regular Cab | 1 Jul 2022 | 60 861 | 111 083 |
| Isuzu Kb 250C Fleetside Regular Cab | 1 Aug 2022 | 64 744 | 114 129 |
| Isuzu Kb 250C Fleetside Regular Cab | 1 Aug 2022 | 114 259 | 201 411 |
| Isuzu N Series NLR 150 | 1 Aug 2022 | 123 586 | 217 853 |
| Isuzu Kb 250C Fleetside Regular Cab | 1 Aug 2022 | 64 744 | 114 129 |
| Isuzu N Series NLR 150 | 1 Aug 2022 | 123 586 | 217 853 |
| Isuzu N Series NLR 150 | 1 Aug 2022 | 123 586 | 217 853 |
| Isuzu N Series NLR 150 | 1 Aug 2022 | 123 586 | 217 853 |
| Isuzu Kb 250C Fleetside Regular Cab | 1 Aug 2022 | 64 744 | 114 129 |
| Toyota Etios Sedan 1.5SD Sprint | 1 Aug 2022 | 51 068 | 90 021 |
| Toyota Etios Sedan 1.5SD Sprint | 1 Aug 2022 | 51 068 | 90 021 |
| Total | | 2 392 001 | 4 446 019 |

Finance Leases Liabilities are secured by Property, Plant and Equipment - refer to note 10.

Leased assets remain the property of the lessor after maturity and new lease contracts are negotiated to replace lapsed contracts.

Finance Lease Liabilities are payable as follows:

| | | |
|---|------------------|------------------|
| Payable within one year | 2 519 892 | 2 831 839 |
| Payable within two to five years | 165 287 | 2 685 179 |
| Total amount payable | 2 685 179 | 5 517 018 |
| Less: Outstanding Future Finance Charges | (293 178) | (1 070 999) |
| Present value of finance lease liabilities | 2 392 001 | 4 446 019 |



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| | 2021 | 2020 |
|--|-------------------|-------------------|
| 13 CONSUMER DEPOSITS | | |
| Water and Electricity Deposits | 2 317 963 | 2 108 188 |
| The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts. | | |
| 14 PAYABLES FROM EXCHANGE TRANSACTIONS | | |
| Trade Payables | 79 919 733 | 68 018 620 |
| Retentions | 5 412 515 | 3 076 477 |
| Payments received in advance | 2 339 972 | 2 232 505 |
| Pre-paid Electricity | 658 693 | 608 214 |
| Sundry Creditors | 5 682 531 | 5 703 852 |
| Sundry Deposits | 403 754 | 89 150 |
| Accrued Interest | 145 628 | 213 527 |
| Unknown Receipts | 57 816 | 100 888 |
| Department of Human Settlements | 1 076 642 | 1 076 642 |
| Total | 95 697 284 | 81 119 876 |
| The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary | | |
| The carrying value of trade and other payables approximates its fair value. | | |
| Sundry deposits include hall, builders, housing deposits and a performance guarantees paid by contractors. | | |
| The Municipality acts as an agent for the Department of Human Settlements. Refer to note 49.2 for additional disclosure in this regard. | | |
| The following serves as security for payables: | | |
| - Bank guarentee as per note 2 | 2 900 000 | 2 900 000 |
| - Call Investment Deposit - note 2 | 325 502 | - |
| - Cash deposits as per note 4 | 1 283 173 | 1 027 227 |
| Total | 4 508 675 | 3 927 227 |
| 15 UNSPENT CONDITIONAL GOVERNMENT GRANTS | | |
| National Government | 225 812 | 26 019 226 |
| Provincial Government | 856 149 | 1 454 886 |
| Total | 1 081 961 | 27 474 112 |
| Detail reconciliations of all grants received and grant conditions met are included in note 20. Unspent grant balances are recognised to the extent that conditions are not yet met. | | |
| No grants were withheld in the current year. | | |
| Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end. | | |



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| 16 | CURRENT EMPLOYEE BENEFITS | | |
| | Bonuses | 3 259 292 | 3 088 242 |
| | Staff Leave | 7 809 929 | 7 290 712 |
| | Performance Bonuses | 194 728 | - |
| | Current portion of Non-Current Employee Benefits - note 17 | 1 669 000 | 1 266 000 |
| | Post Retirement Medical Benefits | 1 009 000 | 846 000 |
| | Long Service Awards | 660 000 | 420 000 |
| | Total | 12 932 949 | 11 644 954 |
| | The movement in current employee benefits are reconciled as follows: | | |
| 16.1 | Bonuses | | |
| | Opening Balance | 3 088 242 | 2 704 551 |
| | Contribution during the year | 6 001 564 | 5 500 994 |
| | Payments made | (5 830 514) | (5 117 303) |
| | Balance at the end of the year | 3 259 292 | 3 088 242 |
| | 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. | | |
| 16.2 | Staff Leave | | |
| | Opening Balance | 7 290 712 | 5 200 187 |
| | Contribution during the year | 1 956 701 | 2 600 046 |
| | Payments made | (1 437 484) | (509 521) |
| | Balance at the end of the year | 7 809 929 | 7 290 712 |
| | 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 or when employment is terminated. | | |
| 16.3 | Performance Bonuses | | |
| | Opening Balance | - | 352 719 |
| | Contribution during the year | 194 728 | 100 074 |
| | Payments made | - | (452 794) |
| | Balance at the end of the year | 194 728 | - |
| | Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. | | |
| 17 | EMPLOYEE BENEFITS | | |
| | Post Retirement Medical Benefits | 28 110 000 | 23 618 000 |
| | Long Service Awards | 5 613 000 | 5 188 000 |
| | Sub-Total | 33 723 000 | 28 806 000 |
| | Less: Current portion of Employee Benefits | 1 669 000 | 1 266 000 |
| | Post Retirement Medical Benefits | 1 009 000 | 846 000 |
| | Long Service Awards | 660 000 | 420 000 |
| | Total | 32 054 000 | 27 540 000 |



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17 EMPLOYEE BENEFITS (CONTINUED)

17.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

| | 2021 | 2020 |
|------------------------------|-------------------|-------------------|
| Opening Balance | 23 618 000 | 26 122 144 |
| Contribution during the year | 3 578 000 | 4 188 879 |
| Current Service Cost | 1 118 000 | 1 751 658 |
| Interest Cost | 2 460 000 | 2 437 221 |
| Payments made | (923 083) | (823 390) |
| Actuarial Loss/(Gain) | 1 837 083 | (5 869 633) |
| Total balance at year-end | 28 110 000 | 23 618 000 |
| Less: Current portion | (1 009 000) | (846 000) |
| Total | 27 101 000 | 22 772 000 |

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

| | | |
|------------------------|------------|------------|
| In-service members | 134 | 138 |
| In-service non-members | 219 | 210 |
| Continuation members | 25 | 23 |
| Total | 378 | 371 |

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

| | In-Service Members R | In-Service non-Members R | Continuation Members R | Total unfunded Liability R |
|--------------|-------------------------|-----------------------------|---------------------------|-------------------------------|
| 30 June 2021 | 12 661 000 | 2 186 000 | 13 263 000 | 28 110 000 |
| 30 June 2020 | 11 693 000 | 1 710 000 | 10 215 000 | 23 618 000 |
| 30 June 2019 | 12 962 106 | 1 661 921 | 11 498 117 | 26 122 144 |
| 30 June 2018 | 17 899 731 | 3 662 026 | 8 977 736 | 30 539 493 |
| 30 June 2017 | 14 144 824 | 3 467 924 | 8 095 194 | 25 707 942 |

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

| | Liabilities (Gain) / Loss R | Assets Gain / (Loss) R |
|--------------|--------------------------------|---------------------------|
| 30 June 2021 | (334 000) | - |
| 30 June 2020 | (668 000) | - |
| 30 June 2019 | 1 369 000 | - |
| 30 June 2018 | 485 000 | - |
| 30 June 2017 | (30 000) | - |

The Municipality contributes to the following medical schemes on a monthly basis:

Bonitas
LA Health
Hosmed
Samwumed
Keyhealth



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Key Actuarial Assumptions used are as follows:

i) Interest Rates

| | | |
|---------------------------------|--------|--------|
| Discount rate | 10.25% | 10.60% |
| Health Care Cost Inflation Rate | 6.85% | 6.63% |
| Net Effective Discount Rate | 3.18% | 3.72% |

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

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17 EMPLOYEE BENEFITS (CONTINUED)

ii) Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age for post retirement, and the SA 85-90 table for in service employees, were used by the actuaries.

iii) Normal Retirement Age

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

iv) Last Valuation

The last valuation was performed on 6 August 2021.

v) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

| Assumption | In-service members (R) | Continuation members (R) | Total liability (R) | % change |
|--|------------------------|--------------------------|---------------------|----------|
| Liability | 14 847 000 | 13 263 000 | 28 110 000 | |
| Health care inflation rate (+ 1%) | 17 852 000 | 14 693 000 | 32 545 000 | 16% |
| Health care inflation rate (- 1%) | 12 470 000 | 12 041 000 | 24 511 000 | -13% |
| Discount rate (+ 1%) | 12 554 000 | 12 086 000 | 24 640 000 | -12% |
| Discount rate (- 1%) | 17 778 000 | 14 659 000 | 32 437 000 | 15% |
| Post-employment mortality (+ 1 year) | 14 443 000 | 12 860 000 | 27 303 000 | -3% |
| Post-employment mortality (- 1 year) | 15 249 000 | 13 666 000 | 28 915 000 | 3% |
| Average retirement age (- 1 year) | 16 243 000 | 13 263 000 | 29 506 000 | 5% |
| Membership Continuation (- 10%) | 12 969 000 | 13 263 000 | 26 232 000 | -7% |

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

| Assumption | Current Service Cost (R) | Interest Cost (R) | Total Cost (R) | % change |
|--|--------------------------|-------------------|----------------|----------|
| Estimated for 2021/22 | 1 549 000 | 2 831 000 | 4 380 000 | |
| Health care inflation rate (+ 1%) | 1 883 000 | 3 285 000 | 5 168 000 | 18% |
| Health care inflation rate (- 1%) | 1 288 000 | 2 462 000 | 3 750 000 | -14% |
| Discount rate (+ 1%) | 1 307 000 | 2 717 000 | 4 024 000 | -8% |
| Discount rate (- 1%) | 1 858 000 | 2 955 000 | 4 813 000 | 10% |
| Post-employment mortality (+ 1 year) | 1 508 000 | 2 748 000 | 4 256 000 | -3% |
| Post-employment mortality (- 1 year) | 1 590 000 | 2 913 000 | 4 503 000 | 3% |
| Average retirement age (- 1 year) | 1 853 000 | 2 974 000 | 4 827 000 | 10% |
| Membership Continuation (- 10%) | 1 356 000 | 2 638 000 | 3 994 000 | -9% |

17.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

| | | | |
|------------------------------|--|------------------|------------------|
| Opening Balance | | 5 188 000 | 4 662 853 |
| Contribution during the year | | 877 000 | 846 753 |
| Current Service Cost | | 495 000 | 475 325 |
| Interest Cost | | 382 000 | 371 428 |
| Payments made | | (560 915) | (257 285) |
| Actuarial Loss/(Gain) | | 108 915 | (64 321) |
| Total balance at year-end | | 5 613 000 | 5 188 000 |
| Less: Current portion | | (660 000) | (420 000) |
| Total | | 4 953 000 | 4 768 000 |

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17 EMPLOYEE BENEFITS (CONTINUED)

The Long Service Awards plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Awards

353

348

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

Unfunded Liability
R

30 June 2021

5 613 000

30 June 2020

5 188 000

30 June 2019

4 662 853

30 June 2018

3 680 219

30 June 2017

3 304 955

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

Liabilities
(Gain) / Loss
R

Assets
Gain / (Loss)
R

30 June 2021

62 000

-

30 June 2020

362 667

-

30 June 2019

267 536

-

30 June 2018

201 190

-

30 June 2017

(59 844)

-

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate

9.53%

7.66%

General Salary Inflation (long-term)

5.87%

4.19%

Net Effective Discount Rate applied to salary-related Long Service Awards

3.46%

3.33%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

ii) Last Valuation

The last valuation was performed on 6 August 2021.

iii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis on the Unfunded Accrued Liability

| Assumption | Current Liability (R) | Liability (R) | % Change |
|---|--------------------------|---------------|----------|
| General earnings inflation rate (+ 1%) | 5 613 000 | 5 992 000 | 7% |
| General earnings inflation rate (- 1%) | 5 613 000 | 5 272 000 | -6% |
| Discount rate (+ 1%) | 5 613 000 | 5 263 000 | -6% |
| Discount rate (- 1%) | 5 613 000 | 6 009 000 | 7% |
| Average retirement age (+ 2 years) | 5 613 000 | 6 361 000 | 13% |
| Average retirement age (- 2 years) | 5 613 000 | 5 029 000 | -10% |
| Withdrawal rates (x 2) | 5 613 000 | 4 450 000 | -21% |
| Withdrawal rates (x 0.5) | 5 613 000 | 6 419 000 | 14% |



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17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the Current-service and Interest Costs

| Assumption | Current Service | | Total(R) | % Change |
|---|-----------------|-------------------|-----------|----------|
| | Cost (R) | Interest Cost (R) | | |
| Estimated for 2021/22 | 525 000 | 504 000 | 1 029 000 | |
| General earnings inflation rate (+ 1%) | 572 000 | 540 000 | 1 112 000 | 8% |
| General earnings inflation rate (- 1%) | 483 000 | 472 000 | 955 000 | -7% |
| Discount rate (+ 1%) | 487 000 | 520 000 | 1 007 000 | -2% |
| Discount rate (- 1%) | 569 000 | 485 000 | 1 054 000 | 2% |
| Average retirement age (+ 2 years) | 586 000 | 576 000 | 1 162 000 | 13% |
| Average retirement age (- 2 years) | 469 000 | 449 000 | 918 000 | -11% |
| Withdrawal rates (x 2) | 374 000 | 393 000 | 767 000 | -25% |
| Withdrawal rates (x 0.5) | 640 000 | 581 000 | 1 221 000 | 19% |

17.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

| | | |
|---|-------------------|------------------|
| LA Retirement Fund (Former Cape Joint Pension Fund) | 115 452 | 101 618 |
| 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 a sound financial position with a funding level of 100.0% (30 June 2019 - 100.7%). | | |
| Consolidated Retirement Fund (Former Cape Retirement Fund) | 10 000 415 | 9 082 738 |
| 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 a sound financial position with a funding level of 100.5% (30 June 2019 - 100.3%). | | |
| Total | 10 115 867 | 9 184 356 |

Both the LA Retirement Fund and Consolidated Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the 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 LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.



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|---|-------------------|------------------------|--------------------------|-----------------------|-----------------------|
| 17 EMPLOYEE BENEFITS (CONTINUED) | | | | | |
| Defined Contribution Plans | | | | | |
| Council contributes to the following defined contribution plans: | | | | | |
| National Funds for Municipal Workers | 775 378 | 730 263 | | | |
| SAMWU National Provident Fund | 1 277 291 | 1 191 747 | | | |
| Municipal Councillors Pension Fund | 584 787 | 510 316 | | | |
| Total | 2 637 456 | 2 432 326 | | | |
| The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs. | | | | | |
| 18 NON-CURRENT PROVISIONS | | | | | |
| Provision for Rehabilitation of Landfill-sites | 45 320 512 | 31 966 753 | | | |
| As previously reported | | 31 680 030 | | | |
| Correction of error restatement - note 38.3 | | 286 723 | | | |
| Restated balance | | 31 966 753 | | | |
| The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows: | | | | | |
| Opening Balance | 31 966 753 | 34 096 428 | | | |
| Contribution during the year | 13 353 760 | (2 129 675) | | | |
| Increase/(Decrease) in estimate | 9 965 284 | (5 362 017) | | | |
| Interest Cost | 3 388 476 | 3 232 341 | | | |
| Total | 45 320 512 | 31 966 753 | | | |
| The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life. | | | | | |
| The future obligations for rehabilitating the landfill sites has been calculated using a discount rate (SA Government Bond yield) of between 7.47% and 9.60% depending on the estimated decommission date. | | | | | |
| The total obligation at year-end can be attributed to the following sites: | | | | | |
| | Discount | Estimated | Cost of | Cost of | |
| Location | Rate | Site Dimensions | Decommission Date | Rehabilitation | Rehabilitation |
| Clanwilliam | 9.60% | 23 616 m ² | 2028 | 13 442 122 | 9 289 256 |
| Lambert's Bay | 9.60% | 17 580 m ² | 2029 | 11 261 877 | 8 272 169 |
| Citrusdal | 9.60% | 26 505 m ² | 2037 | 11 917 850 | 7 996 867 |
| Graafwater | 7.47% | 3 000 m ² | 2024 | 3 484 008 | 2 652 899 |
| Elands Bay | 7.47% | 5 060 m ² | 2024 | 5 214 656 | 3 755 562 |
| Total | | | | 45 320 512 | 31 966 753 |
| 19 PROPERTY RATES | | | | | |
| Rateable Land and Buildings | | | | 52 074 157 | 49 000 067 |
| Less: Rebates | | | | (3 919 000) | (3 473 693) |
| Total | | | | 48 155 157 | 45 526 373 |
| Property rate levied are based on the following rateable valuations: | | | | | |
| Residential | | | | 2 706 165 600 | 2 689 798 000 |
| Business and Industrial | | | | 498 213 200 | 503 292 200 |
| State-owned | | | | 183 452 000 | 181 674 000 |
| Agricultural and Private Farm Towns | | | | 2 914 329 720 | 2 874 835 820 |
| Total Valuation | | | | 6 302 160 520 | 6 249 600 020 |



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19 PROPERTY RATES (CONTINUED)

Rate that is applicable to the valuations above:

| | | |
|-------------------------------------|----------|----------|
| Residential | 1.374c/R | 1.296c/R |
| Business and Industrial | 1.775c/R | 1.675c/R |
| State-owned | 1.775c/R | 1.675c/R |
| Agricultural and Private Farm Towns | 0.343c/R | 0.324c/R |

Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2016. Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

An additional rebate of R35 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Municipality's policy.

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 2% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

20 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government

Equitable Share

60 766 597

49 200 761

60 766 597

49 200 761

Conditional Grants - National Government

53 338 798

33 537 774

- Municipal Infrastructure Grant (MIG)
- Financial Management Grant (FMG)
- Integrated National Electrification Programme (INEP)
- Expanded Public Works Program (EPWP)
- Water Service Infrastructure Grant (WSIG)
- Municipal Disaster Relief Grant (COVID-19)

15 899 000

15 667 000

2 011 000

2 085 000

17 000 000

9 640 981

2 121 000

1 954 000

16 307 798

4 058 324

-

132 469

Conditional Grants - Provincial Government

5 764 550

10 413 665

- Library Services MRF
- CDW Support
- Municipal Drought Support Grant
- Local Government Graduate Internship Grant
- Financial Management Support Grant
- Municipal Capacity Building Grant
- Acceleration of Housing Delivery
- Thusong Service Centre Grant
- Municipal Disaster Grant (Drought Relief)
- Local Government Support Grants (COVID-19)

5 026 000

4 594 432

-

328 824

-

3 663 302

40 830

16 029

198 950

499 611

350 383

34 055

-

698 058

148 387

29 355

-

-

-

550 000

Conditional Grants - Other Grant Providers

West Coast District Municipality - COVID 19

-

50 000

-

50 000

Total

119 869 945

93 202 200

As previously reported

94 153 104

Correction of error restatement - note 38.2

(950 904)

Restated balance

93 202 200

Disclosed as:

- Government Grants and Subsidies - Operating
- Government Grants and Subsidies - Capital

77 633 162

64 461 748

42 236 784

28 740 452

Total

119 869 945

93 202 200



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| 20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED) | | |
| Grants per Vote (MFMA Sec 123 (c)): | | |
| Equitable share | 60 766 597 | 49 200 761 |
| Vote 1 - Executive and Council | - | - |
| Vote 2 - Office of Municipal Manager | 40 830 | 16 029 |
| Vote 3 - Financial Administrative Services | 2 209 950 | 2 085 000 |
| Vote 4 - Community Development Services | 7 550 039 | 6 577 787 |
| Vote 5 - Corporate and Strategic Services | 95 731 | 362 879 |
| Vote 6 - Planning and Development Services | 1 242 309 | 11 765 033 |
| Vote 7 - Public Safety | - | 732 469 |
| Vote 8 - Electricity | 17 000 000 | 11 619 761 |
| Vote 9 - Waste Management | - | - |
| Vote 10 - Waste Water Management | 21 428 676 | 2 621 245 |
| Vote 11 - Water | 8 161 070 | 8 221 236 |
| Vote 12 - Housing | - | - |
| Vote 13 - Road Transport | - | - |
| Vote 14 - Sports and Recreation | 1 374 744 | - |
| Total | 119 869 945 | 93 202 200 |

The movements per grant can be summarised as follows:

20.01 Equitable Share

| | | |
|------------------------------------|--------------|--------------|
| Opening Unspent Balance | - | - |
| Grants Received / (Repaid) | 60 766 597 | 49 200 761 |
| Transferred to Revenue - Operating | (60 766 597) | (49 200 761) |
| Transferred to Revenue - Capital | - | - |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | - | - |

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

20.02 Municipal Infrastructure Grant (MIG)

| | | |
|------------------------------------|--------------|--------------|
| Opening Unspent Balance | - | - |
| Grants Received / (Repaid) | 15 899 000 | 15 667 000 |
| Transferred to Revenue - Operating | (2 715 475) | (2 688 593) |
| Transferred to Revenue - Capital | (13 183 525) | (12 978 407) |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | - | - |

The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.

20.03 Financial Management Grant (FMG)

| | | |
|------------------------------------|-------------|-------------|
| Opening Unspent Balance | - | - |
| Grants Received / (Repaid) | 2 011 000 | 2 085 000 |
| Transferred to Revenue - Operating | (2 011 000) | (2 085 000) |
| Transferred to Revenue - Capital | - | - |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | - | - |

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship



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| 20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED) | | |
| 20.04 Integrated National Electrification Programme (INEP) | | |
| Opening Unspent Balance | 1 019 | - |
| Grants Received / (Repaid) | 16 998 981 | 9 642 000 |
| Transferred to Revenue - Operating | (2 217 288) | (1 257 519) |
| Transferred to Revenue - Capital | (14 782 712) | (8 383 462) |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | <u>-</u> | <u>1 019</u> |
| The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure. | | |
| 20.05 Expanded Public Works Program (EPWP) | | |
| Opening Unspent Balance | - | - |
| Grants Received / (Repaid) | 2 121 000 | 1 954 000 |
| Transferred to Revenue - Operating | (2 121 000) | (1 954 000) |
| Transferred to Revenue - Capital | - | - |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | <u>-</u> | <u>-</u> |
| The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines. | | |
| 20.06 Water Service Infrastructure Grant (WSIG) | | |
| Opening Unspent Balance | 25 941 676 | 1 254 762 |
| Grants Received / (Repaid) | (9 484 597) | 28 745 238 |
| Transferred to Revenue - Operating | (2 037 252) | (526 004) |
| Transferred to Revenue - Capital | (14 270 546) | (3 532 320) |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | <u>149 281</u> | <u>25 941 676</u> |
| This grant is utilised for an array of water infrastructure which includes but is not limited to reservoirs, boreholes and oxidation ponds. | | |
| 20.07 Municipal Disaster Relief Grant (COVID-19) | | |
| Opening Unspent Balance | 76 531 | - |
| Grants Received / (Repaid) | - | 209 000 |
| Transferred to Revenue - Operating | - | (132 469) |
| Transferred to Revenue - Capital | - | - |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | <u>76 531</u> | <u>76 531</u> |
| This grant was utilised for the purchase of personal protective equipment in the fight against the COVID-19 pandemic. | | |
| 20.08 Library Services MRF | | |
| Opening Unspent Balance | 4 568 | - |
| Grants Received / (Repaid) | 5 026 000 | 4 599 000 |
| Transferred to Revenue - Operating | (5 026 000) | (4 594 432) |
| Transferred to Revenue - Capital | - | - |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | <u>4 568</u> | <u>4 568</u> |
| The Library Services (Municipal Replacement Fund) Grant is used to pay the salaries of library staff. | | |



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| 20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED) | | |
| 20.09 CDW Support | | |
| Opening Unspent Balance | 5 176 | 8 889 |
| Grants Received / (Repaid) | 163 824 | 325 111 |
| Transferred to Revenue - Operating | - | (328 824) |
| Transferred to Revenue - Capital | - | - |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | 169 000 | 5 176 |
| This grant is used to provide financial assistance to municipalities to cover the operational and capital costs pertaining to the line functions of the community development workers including the supervisors and regional coordinators. | | |
| 20.10 Municipal Drought Support Grant | | |
| Opening Unspent Balance | 105 486 | 268 788 |
| Grants Received / (Repaid) | - | 3 500 000 |
| Transferred to Revenue - Operating | - | (424 045) |
| Transferred to Revenue - Capital | - | (3 239 257) |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | 105 486 | 105 486 |
| This grant is utilised for the completion of the desalination plant in Lambert's Bay. | | |
| 20.11 Local Government Graduate Internship Grant | | |
| Opening Unspent Balance | 156 859 | 92 888 |
| Grants Received / (Repaid) | (76 859) | 80 000 |
| Transferred to Revenue - Operating | (40 830) | (16 029) |
| Transferred to Revenue - Capital | - | - |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | 39 170 | 156 859 |
| This grant is used to provide financial assistance to municipalities in support of capacity building for the future by means of internship programme. | | |
| 20.12 Financial Management Support Grant | | |
| Opening Unspent Balance | 124 973 | 44 584 |
| Grants Received / (Repaid) | 375 027 | 580 000 |
| Transferred to Revenue - Operating | (198 950) | (499 611) |
| Transferred to Revenue - Capital | - | - |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | 301 050 | 124 973 |
| The Financial Management Grant is paid by Provincial Treasury to municipalities to help implement revenue enhancement. | | |
| 20.13 Municipal Capacity Building Grant | | |
| Opening Unspent Balance | 878 281 | 267 836 |
| Grants Received / (Repaid) | (313 281) | 644 500 |
| Transferred to Revenue - Operating | (350 383) | (34 055) |
| Transferred to Revenue - Capital | - | - |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | 214 617 | 878 281 |
| This grant is utilised as a capacity initiative for graduates to enter the workforce in local government. | | |



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| 20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED) | | |
| 20.14 Acceleration of Housing Delivery | | |
| Opening Unspent Balance | - | 698 058 |
| Grants Received / (Repaid) | - | - |
| Transferred to Revenue - Operating | - | (91 051) |
| Transferred to Revenue - Capital | - | (607 007) |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | - | - |
| Housing delivery grant was utilised for the construction of infrastructure for housing projects. | | |
| 20.15 Thusong Service Centre Grant | | |
| Opening Unspent Balance | 179 543 | 8 898 |
| Grants Received / (Repaid) | (8 898) | 200 000 |
| Transferred to Revenue - Operating | (148 387) | (29 355) |
| Transferred to Revenue - Capital | - | - |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | 22 258 | 179 543 |
| This grant is used to provide financial assistance to municipalities, ensuring the financial sustainability of the Thusong Service Centres. | | |
| 20.16 Municipal Disaster Grant (Drought Relief) | | |
| Opening Unspent Balance | - | 47 577 |
| Grants Received / (Repaid) | - | (47 577) |
| Transferred to Revenue - Operating | - | - |
| Transferred to Revenue - Capital | - | - |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | - | - |
| This grant is utilised for drought relief financial assistance to municipalities to augment water supply, bulk infrastructure capacity and demand reduction in drought stricken municipalities. | | |
| 20.17 Local Government Support Grants (COVID-19) | | |
| Opening Unspent Balance | - | - |
| Grants Received / (Repaid) | - | 550 000 |
| Transferred to Revenue - Operating | - | (550 000) |
| Transferred to Revenue - Capital | - | - |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | - | - |
| This grant is used to provide financial assistance to local municipalities to augment and support current humanitarian relief initiatives. | | |
| 20.18 West Coast District Municipality - COVID 19 | | |
| Opening Unspent Balance | - | - |
| Grants Received / (Repaid) | - | 50 000 |
| Transferred to Revenue - Operating | - | (50 000) |
| Transferred to Revenue - Capital | - | - |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | - | - |
| This grant is used to provide financial assistance to local municipalities to augment and support current humanitarian relief initiatives. | | |



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| 20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED) | | |
| 20.19 Total Grants | | |
| Opening Unspent Balance | 27 474 113 | 2 692 280 |
| Grants Received / (Repaid) | 93 477 794 | 117 984 033 |
| Transferred to Revenue - Operating | (77 633 162) | (64 461 748) |
| Transferred to Revenue - Capital | (42 236 784) | (28 740 452) |
| Transfer to / (from) Receivables | - | - |
| Closing Unspent Balance | 1 081 962 | 27 474 113 |
| 21 FINES, PENALTIES AND FORFEITS | | |
| Traffic | 7 862 947 | 13 518 733 |
| Overdue Book Fines | 3 361 | 11 966 |
| Illegal Connections | 60 202 | 23 322 |
| Retentions | 1 200 000 | - |
| Unclaimed Money | 59 345 | 439 902 |
| Total | 9 185 854 | 13 993 924 |
| As previously reported | | 13 205 468 |
| Correction of error restatement - note 38.1 | | 788 456 |
| Restated balance | | 13 993 924 |
| In terms of the requirements of GRAP 23 and IGRAP 1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue. | | |
| 22 ACTUARIAL GAINS / (LOSSES) | | |
| Post Retirement Medical Benefits | (1 837 083) | 5 869 633 |
| Long Service Awards | (108 915) | 64 321 |
| Total | (1 945 998) | 5 933 954 |
| 23 SERVICE CHARGES | | |
| Electricity | 102 306 388 | 97 668 169 |
| Water | 30 201 140 | 28 916 847 |
| Sewerage and Sanitation | 14 258 238 | 12 684 070 |
| Refuse | 11 342 291 | 10 455 264 |
| Total Revenue | 158 108 057 | 149 724 349 |
| Less: Rebates | (6 546 104) | (4 961 418) |
| Electricity | (72 436) | (64 265) |
| Water | (1 136 775) | (896 080) |
| Sewerage and Sanitation | (4 801 038) | (3 578 559) |
| Refuse | (535 854) | (422 514) |
| Total | 151 561 953 | 144 762 931 |

Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.



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| 24 RENTAL OF FACILITIES AND EQUIPMENT | | |
| Halls and Sportfields | 30 411 | 119 443 |
| Camping and Entrance Fees | 1 627 979 | 2 391 490 |
| Commonage | 585 113 | 280 272 |
| Hawker Stands | 89 113 | 79 956 |
| Total | 2 332 616 | 2 871 161 |

25 AGENCY SERVICES

| | | |
|--|------------------|------------------|
| Drivers Licence Applications | 198 495 | 144 530 |
| Drivers Licences Issued | 329 825 | 255 283 |
| Duplicate Registration Certificates | 55 259 | 35 484 |
| Keeping of Registration Number | 14 200 | 10 831 |
| Learner Licence Applications | 86 948 | 56 301 |
| Learner Licences Issued | 24 139 | 20 323 |
| Professional Drivers Permit Applications | 80 238 | 58 758 |
| Professional Drivers Permits Issued | 32 326 | 27 962 |
| Roadworthy Certificate Applications | 232 367 | 147 900 |
| Roadworthy Certificates Issued | 47 279 | 31 941 |
| Temporary and special permits | 26 298 | 22 963 |
| Vehicle Registration | 2 592 555 | 1 923 685 |
| Total | 3 719 929 | 2 735 961 |

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission. Refer to note 49.1 for additional disclosure in this regard.

The Municipality earns revenue from applications for driver's and learner's licences, issuing of public driver permits, driver's and learner's licences and the issue of roadworthy certificates.

26 OTHER INCOME

| | | |
|--------------------------------------|------------------|------------------|
| Application Fees for Land Usage | 83 035 | 52 058 |
| Building Plan Approval | 1 449 685 | 669 635 |
| Cemetery and Burial | 162 133 | 107 337 |
| Clearance and Valuation Certificates | 152 761 | 155 559 |
| Collection Charges | 1 145 | 4 074 |
| Commission | 61 019 | 42 928 |
| Landfill Sites - iGRAP 2 adjustments | - | 382 977 |
| Development Charges | 188 500 | 152 989 |
| Photocopies and Faxes | 13 257 | 23 731 |
| Skills Development Levy Refund | 164 004 | 184 896 |
| Sub-division and Consolidation Fees | 16 909 | 41 166 |
| Tender Documents | 148 280 | 124 970 |
| Sundry Income | 48 178 | 18 427 |
| Total | 2 488 906 | 1 960 746 |

Sundry income represents sundry income such as sale of sundry items (wood, sand and stones) and fees for items not included under service charges

Landfill Sites - iGRAP2 adjustments relate to a decrease in the landfill site's rehabilitation provision of which the decrease is in excess of the carrying value of the related asset.



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| 27 | EMPLOYEE RELATED COSTS | | |
| | Basic Salaries and Wages | 80 407 038 | 73 425 258 |
| | Pension and UIF Contributions | 12 816 203 | 11 730 761 |
| | Medical Aid Contributions | 4 325 183 | 4 133 738 |
| | Overtime | 3 348 832 | 4 268 245 |
| | Motor Vehicle Allowances | 5 667 029 | 5 489 666 |
| | Cell Phone Allowances | 474 363 | 410 797 |
| | Housing Allowances | 420 162 | 505 492 |
| | Other benefits and allowances | 4 632 127 | 4 425 012 |
| | Bargaining Council | 42 391 | 39 861 |
| | Group Life Insurance | 1 485 789 | 1 368 414 |
| | Scarcity Allowances | 488 799 | 480 875 |
| | Standby Allowances | 2 615 148 | 2 535 861 |
| | Contributions to Employee Benefits | 9 765 994 | 10 428 096 |
| | Bonuses | 6 001 564 | 5 500 994 |
| | Staff Leave | 1 956 701 | 2 600 046 |
| | Performance Bonus | 194 728 | 100 074 |
| | Long Service Awards | 495 000 | 475 325 |
| | Post Retirement Medical Benefits | 1 118 000 | 1 751 658 |
| | Workmens Compensation Fund | 609 805 | 547 183 |
| | Total | 122 466 737 | 115 364 247 |
| | Remuneration of Management Personnel | | |
| | The Municipal Manager and Directors are appointed on a 5-year fixed contract, except R Kearns who is appointed on a 3 months contract. | | |
| | Municipal Manager - PL Volschenk (resigned January 2020) | | |
| | Annual Remuneration | - | 554 741 |
| | Performance Bonus / 13th Cheque | - | 175 177 |
| | Car Allowance | - | 53 217 |
| | Cell Phone Allowance | - | 19 957 |
| | Rural Allowance | - | 59 098 |
| | Contributions to UIF, Medical, Pension Funds and Bargaining Council | - | 132 019 |
| | Total | - | 994 208 |
| | Municipal Manager - HG Slimmert (appointed July 2020 to March 2021) | | |
| | Annual Remuneration | 709 813 | - |
| | Performance Bonus / 13th Cheque | - | - |
| | Car Allowance | 114 000 | - |
| | Cell Phone Allowance | 70 500 | - |
| | Rural Allowance | 67 177 | - |
| | Contributions to UIF, Medical, Pension Funds and Bargaining Council | 96 523 | - |
| | Leave Payout | 91 733 | - |
| | Total | 1 149 746 | - |
| | Director: Community Services - R Bent (resigned June 2020) | | |
| | Annual Remuneration | - | 665 721 |
| | Performance Bonus / 13th Cheque | - | 131 805 |
| | Car Allowance | - | 180 000 |
| | Cell Phone Allowance | - | 18 000 |
| | Rural Allowance | - | 80 212 |
| | Contributions to UIF, Medical, Pension Funds and Bargaining Council | 149 | 158 831 |
| | Leave Payout | 95 407 | - |
| | Total | 95 556 | 1 234 569 |



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| 27 | EMPLOYEE RELATED COSTS (CONTINUED) | | |
| | Director: Community Services - HG Slimmert (appointed April 2021) | | |
| | Annual Remuneration | 192 094 | - |
| | Performance Bonus / 13th Cheque | - | - |
| | Car Allowance | 15 000 | - |
| | Cell Phone Allowance | 15 000 | - |
| | Rural Allowance | 18 206 | - |
| | Contributions to UIF, Medical, Pension Funds and Bargaining Council | 53 641 | - |
| | Total | 293 940 | - |
| | Director: Finance - E Alfred (resigned January 2020) | | |
| | Annual Remuneration | - | 468 670 |
| | Performance Bonus / 13th Cheque | - | 145 812 |
| | Car Allowance | - | 70 000 |
| | Cell Phone Allowance | - | 10 500 |
| | Rural Allowance | - | 51 763 |
| | Contributions to UIF, Medical, Pension Funds and Bargaining Council | - | 109 628 |
| | Total | - | 856 373 |
| | Director: Finance - M Memani (19 Oct 2020 - 19 Apr 2021 and reappointed 11 May 2021) | | |
| | Annual Remuneration | 511 437 | - |
| | Car Allowance | 77 478 | - |
| | Cell Phone Allowance | 26 672 | - |
| | Rural Allowance | 56 748 | - |
| | Contributions to UIF, Medical, Pension Funds and Bargaining Council | 93 356 | - |
| | Leave Payout | 47 089 | - |
| | Total | 812 780 | - |
| | Director: Technical Services - R Kearns (Appointed 3 May 2021) | | |
| | Annual Remuneration | 133 388 | - |
| | Car Allowance | 40 000 | - |
| | Cellphone Allowance | 6 000 | - |
| | Rural Allowance | 12 137 | - |
| | Contributions to UIF, Medical, Pension Funds and Bargaining Council | 2 181 | - |
| | Total | 193 706 | - |
| | Employee acting in management positions | | |
| | The following employees acted in management positions for a significant time during the course of the year. The amounts as indicated below are the acting allowances and additional benefits received for the period in which they acted in the respective positions. | | |
| | Employee | Acting Position | |
| | Mr HG Slimmert | Municipal Manager (28 Nov 2019 - 30 Jun 2020) | - |
| | Me EH Visser | Director: Finance (24 Mar 2020 - 31 May 2020) | 319 193 |
| | Mr MAN Smit | Director: Finance (6 Jan 2020 - 23 Mar 2020) | - |
| | Mr A Titus | Municipal Manager (1 Apr 2021 - 30 Mar 2021) | 27 080 |
| | Mr GRJ Seas | Director: Finance (1 Jun 2020 - 31 Jul 2020) | - |
| | Mev EH Visser | Director: Finance (14 Aug 2020 - 18 Oct 2020; 20 Apr 2021 - 10 May 2021) | 127 174 |
| | Mr GW Hermanus | Director: Community Services (18 Dec - 31 Jul 2020) | 33 895 |
| | Mr A Titus | Director: Community Services (14 Aug 2020 - 31 Mar 2021) | 33 895 |
| | Mr JG Kotze | Director: Technical Services (14 Aug 2020 - 30 Apr 2021) | 25 791 |
| | Total | | 211 644 |
| | | | 746 783 |
| | | | 675 936 |



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28 REMUNERATION OF COUNCILLORS

| | 2021 | 2020 |
|---------------------------|------------------|------------------|
| Executive Mayor | 903 233 | 894 836 |
| Deputy Executive Mayor | 691 412 | 672 427 |
| Speaker | 716 852 | 525 303 |
| Mayoral Committee Members | 1 428 552 | 1 328 729 |
| All Other Councillors | 1 831 943 | 2 148 568 |
| Total | 5 571 991 | 5 569 861 |

| | Basic Salary | Cell Phone Allowances | Total |
|---------------------------|------------------|-----------------------|------------------|
| 2021 | | | |
| Executive Mayor | 860 859 | 42 373 | 903 232 |
| Deputy Executive Mayor | 688 688 | 2 724 | 691 412 |
| Speaker | 688 688 | 28 164 | 716 852 |
| Mayoral Committee Members | 1 291 457 | 137 094 | 1 428 552 |
| All Other Councillors | 1 609 711 | 222 232 | 1 831 943 |
| Total | 5 139 403 | 432 588 | 5 571 991 |

| | | | |
|---------------------------|------------------|----------------|------------------|
| 2020 | | | |
| Executive Mayor | 852 502 | 42 334 | 894 836 |
| Deputy Executive Mayor | 665 158 | 7 269 | 672 426 |
| Speaker | 491 788 | 33 515 | 525 303 |
| Mayoral Committee Members | 1 279 648 | 49 081 | 1 328 729 |
| All Other Councillors | 1 751 272 | 397 296 | 2 148 568 |
| Total | 5 040 367 | 529 494 | 5 569 861 |

The positions of Executive Mayor, Deputy Mayor and Speaker were filled as follow:

- Executive Mayor
 - NS Qunta (16 October 2019 to date)
 - WJ Farmer (20 September 2018 to 15 October 2019)
- Deputy Mayor
 - L Scheepers (16 October 2019 to date)
 - FN Sokuyeka (30 January 2019 to 15 October 2019)
- Speaker
 - P Straus (16 October 2019 to date)
 - Vacant (1 July 2019 - 15 October 2019)

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee member serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.

Councillors may utilize municipal transportation when engaged in official duties.

29 DEBT IMPAIRMENT

| | | |
|---|-------------------|-------------------|
| Receivables from Exchange Transactions | 22 102 950 | 32 756 028 |
| Receivables from Non-Exchange Transactions | 10 335 621 | 17 055 927 |
| Total Debt Impairment | 32 438 571 | 49 811 954 |
| Movement in VAT included in debt impairment | 198 055 | (3 287 123) |
| Total | 32 636 625 | 46 524 832 |
| As previously reported | | 45 905 361 |
| Correction of error restatement - note 38.1 | | 619 471 |
| Restated balance | | 46 524 832 |



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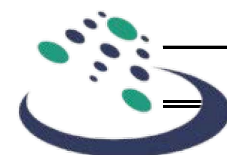
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| | 2021 | 2020 |
|---|-------------------|-------------------|
| 30 DEPRECIATION AND AMORTISATION | | |
| Investment Property | 52 250 | 52 250 |
| Property, Plant and Equipment | 21 473 774 | 18 582 611 |
| Intangible Assets | 222 315 | 223 574 |
| Total | 21 748 338 | 18 858 434 |
| As previously reported | | 18 882 270 |
| Correction of error restatement - note 38.2 | | 4 159 |
| Correction of error restatement - note 38.3 | | (27 996) |
| Restated balance | | 18 858 434 |
| 31 IMPAIRMENT | | |
| Capitalised Restoration Cost | 549 901 | 57 948 |
| Total | 549 901 | 57 948 |
| As previously reported | | - |
| Correction of error restatement - note 38.3 | | 57 948 |
| Restated balance | | 57 948 |
| Impairment on Capitalised Restoration Cost relates to an increase in the landfill site rehabilitation provision of which the corresponding asset is no longer in use. In terms of iGRAP 2, the increase in the provision will result in an increase in the corresponding asset, but as the asset is no longer in use, the said increase in the asset is impaired in full. | | |
| 32 FINANCE CHARGES | | |
| Cash | 5 354 594 | 3 781 092 |
| Long-term Liabilities | 1 989 549 | 2 316 022 |
| Bank Overdraft | 25 903 | 173 467 |
| Overdue Accounts | 3 339 142 | 1 291 604 |
| Non-cash | 6 230 476 | 6 040 990 |
| Post Retirement Medical Benefits | 2 460 000 | 2 437 221 |
| Long Service Awards | 382 000 | 371 428 |
| Rehabilitation of Landfill Sites | 3 388 476 | 3 232 341 |
| Total | 11 585 070 | 9 822 083 |
| As previously reported | | 9 786 135 |
| Correction of error restatement - note 38.3 | | 35 948 |
| Restated balance | | 9 822 083 |
| Finance charges on overdue accounts mainly relate to interest which was charged by Eskom on overdue accounts. | | |
| 33 BULK PURCHASES | | |
| Electricity | 81 771 284 | 81 546 458 |
| Water | 742 549 | 800 477 |
| Total | 82 513 833 | 82 346 935 |
| As previously reported | | 84 184 752 |
| Correction of error restatement - note 38.3 | | (1 837 818) |
| Restated balance | | 82 346 935 |
| Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from a variety of suppliers including the Department of Water and Sanitation and a number of private suppliers. | | |



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| | 2021 | 2020 |
|--|-------------------|-------------------|
| 34 CONTRACTED SERVICES | | |
| Accounting and Auditing | 1 921 639 | 1 286 927 |
| Engineering Services | 84 056 | 62 539 |
| Fire Services - West Coast District Municipality | 1 849 448 | 2 544 528 |
| Human Resources | 235 269 | 428 200 |
| Laboratory Services | 334 187 | 236 656 |
| Legal Cost | 1 843 458 | 1 154 082 |
| Maintenance Services | 3 885 624 | 6 693 917 |
| Safeguard and Security | 3 651 247 | 2 722 774 |
| Traffic Fines Management | 1 323 661 | 1 498 206 |
| Valuers and Assessors | 311 224 | 330 934 |
| Other Contracted Services | 1 841 883 | 1 247 126 |
| Total | 17 281 696 | 18 205 886 |
| 35 TRANSFERS AND GRANTS | | |
| Bursaries | 314 006 | 183 871 |
| Festivals | - | 15 000 |
| Sport Councils | 50 000 | 63 320 |
| ATKV | - | 20 000 |
| Social Relief | 42 000 | 862 087 |
| Total | 406 006 | 1 144 278 |
| Social Relief mainly relates to relieve provided to the community in the fight against COVID-19 which include food parcels and the supply personal protective equipment (PPE). | | |
| 36 OTHER EXPENDITURE | | |
| Advertising, Publicity and Marketing | 250 430 | 229 180 |
| Bank Charges | 719 938 | 787 889 |
| Chemicals | 314 096 | 300 792 |
| Cleaning Materials | 252 710 | 275 014 |
| Commission - Prepaid Electricity | 1 852 994 | 1 494 524 |
| Computer Services | 1 593 840 | 1 906 960 |
| Drivers Licences and Permits | 226 282 | 171 120 |
| External Audit Fees | 4 173 171 | 3 559 274 |
| Fuel and Oil | 2 901 701 | 3 136 804 |
| Hire Charges | 1 523 170 | 1 545 982 |
| Insurance | 1 159 152 | 936 753 |
| Maintenance Materials and Tools | 2 464 504 | 3 197 709 |
| Motor Vehicle Licence and Registrations | 204 392 | 80 599 |
| Electricity - Internal usage | 2 492 836 | 1 837 818 |
| Printing and Stationery | 884 866 | 1 144 518 |
| Professional Bodies, Membership and Subscription | 1 260 492 | 1 253 356 |
| Remuneration of Ward Committees | 47 000 | 88 000 |
| Skills Development Fund Levy | 858 659 | 800 798 |
| Telephone | 604 444 | 644 174 |
| Training | 318 210 | 445 259 |
| Travel and Subsistence | 279 841 | 594 873 |
| Uniform and Protective Clothing | 635 771 | 894 846 |
| Other Expenditure | 1 346 335 | 675 019 |
| Total | 26 364 833 | 26 001 263 |
| As previously reported | | 24 163 445 |
| Correction of error restatement - note 38.5 | | 1 837 818 |
| Restated balance | | 26 001 263 |



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| 37 GAIN/(LOSS) ON DISPOSAL OF NON-MONETARY ASSETS | | |
| Proceeds | 350 757 | 66 739 |
| Less: Carrying value of Investment Property disposed | (33 365) | (17 575) |
| Less: Carrying value of Property, Plant and Equipment disposed | (244 178) | (188 689) |
| Less: Carrying value of Intangible Assets disposed | (175) | (298) |
| Total | 73 038 | (139 823) |
| As previously reported | | (141 216) |
| Correction of error restatement - note 38.2 | | 1 392 |
| Restated balance | | (139 823) |
| 38 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR | | |
| 38.1 Receivables from Exchange and Non-Exchange Transactions | | |
| Corrections made to Receivables from Exchange and Non-Exchange Transactions include the following: | | |
| - Traffic fines amounting to R788 455 were not recorded in the prior year. The provision for debt impairment on the said unrecorded traffic fines were calculated at R619 471. | | |
| - Grant revenue amounting to R950 904 was incorrectly recognised, as the expenditure incurred for the project was own funding and not grant funding. | | |
| The net effect of the above-mentioned errors were as follow: | | |
| - Receivables from Non-Exchange Transactions - note 4 | Overstated | (781 919) |
| - Government Grants and Subsidies - note 20 | Overstated | (950 904) |
| - Fines, Penalties and Forfeits - note 21 | Understated | 788 456 |
| - Debt Impairment - note 29 | Understated | 619 471 |
| 38.2 Property, Plant and Equipment | | |
| Corrections made to Property, Plant and Equipment include the following: | | |
| - Movable assets previously not included in the asset register were identified during the current year's asset verification with a carrying value of R18 070. | | |
| - Movable assets with a carrying value of R7 294 were incorrectly disposed in prior periods. | | |
| The net effect of the above-mentioned errors were as follow: | | |
| - Property, Plant and Equipment - note 10 | Understated | 25 365 |
| - Depreciation and Amortisation - note 30 | Understated | 4 159 |
| - Loss on disposal of Non-Monetary Assets - note 37 | Overstated | (1 392) |
| - Accumulated Surplus - note 38.4 | Understated | 28 132 |
| 38.3 Non-Current Provisions | | |
| Corrections made to Non-Current Provisions include the following: | | |
| - The provision for rehabilitation of landfill-sites did not include post closure monitoring cost. Only the Citrusdal landfill site is subject to post close water monitoring cost, of which the provision was calculated at R286 723. | | |
| - The Graafwater landfill site has a carrying value, but the site is not operational anymore. Accordingly, the carrying value amounting to R57 948 was impaired in full. | | |
| The net effect of the above-mentioned errors were as follow: | | |
| - Property, Plant and Equipment - note 10 | Understated | 220 822 |
| - Non-Current Provisions - note 18 | Understated | 286 723 |
| - Depreciation and Amortisation - note 30 | Overstated | (27 996) |
| - Impairment - note 31 | Understated | 57 948 |
| - Finance Charges - note 32 | Understated | 35 948 |



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| 38 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR (CONTINUED) | | |
| 38.4 Accumulated Surplus | | |
| Property, Plant and Equipment - note 38.2 | Understated | 28 132 |
| Total | | <u>28 132</u> |
| 38.5 Reclassifications | | |
| Internal electricity usage amounting to R1 837 818 was incorrectly classified as Bulk Purchases, rather than Other Expenditure. | | |
| The net effect of the above-mentioned errors were as follow: | | |
| - Bulk Purchases - note 33 | Overstated | (1 837 818) |
| - Other Expenditure - note 36 | Understated | 1 837 818 |
| 39 NET CASH FROM OPERATING ACTIVITIES | | |
| Net Surplus/(Deficit) for the year | 20 865 676 | (7 559 219) |
| Adjusted for: | | |
| Non-cash revenue included in Net Surplus | (72 565) | (6 321 908) |
| Actuarial Gains | - | (5 933 954) |
| Rental of Facilities and Equipment - decrease in operating lease asset | 473 | (4 977) |
| Other Income - Decrease in landfill site rehabilitation provision | - | (382 977) |
| Gain on disposal of Non-Monetary Assets | (73 038) | - |
| Non-cash expenditure included in Net Surplus | 72 870 781 | 82 051 711 |
| Employee Related Costs - Contributions towards | 9 765 994 | 10 428 096 |
| Post Retirement Medical Benefits | 1 118 000 | 1 751 658 |
| Long Service Awards | 495 000 | 475 325 |
| Bonuses | 6 001 564 | 5 500 994 |
| Staff Leave | 1 956 701 | 2 600 046 |
| Performance Bonuses | 194 728 | 100 074 |
| Debt Impairment | 32 636 625 | 46 524 832 |
| Depreciation and Amortisation | 21 748 338 | 18 858 434 |
| Impairment | 549 901 | 57 948 |
| Finance Charges | 6 230 476 | 6 040 990 |
| Post Retirement Medical Benefits | 2 460 000 | 2 437 221 |
| Long Service Awards | 382 000 | 371 428 |
| Provision for Rehabilitation of Landfill-sites | 3 388 476 | 3 232 341 |
| Other Expenditure - decrease in operating lease liability | (6 551) | 1 587 |
| Actuarial Losses | 1 945 998 | - |
| Loss on disposal of Non-Monetary Assets | - | 139 823 |
| Cash expenditure not included in Net Surplus | (8 751 996) | (7 160 293) |
| Post Retirement Medical Benefits | (923 083) | (823 390) |
| Long Service Awards | (560 915) | (257 285) |
| Bonuses | (5 830 514) | (5 117 303) |
| Staff Leave | (1 437 484) | (509 521) |
| Performance Bonus | - | (452 794) |
| Operating Surplus before changes in working capital | 84 911 896 | 61 010 291 |
| Movement in working capital | (42 371 036) | (13 612 979) |
| Receivables from Exchange Transactions | (20 206 734) | (26 574 316) |
| Receivables from Non-Exchange Transactions | (8 939 862) | (14 298 577) |
| Inventory | (18 472) | 163 290 |
| Long-term Receivables | (31 969) | - |
| Consumer Deposits | 209 776 | 53 015 |
| Payables from exchange transactions | 14 577 408 | 1 974 485 |
| Unspent Conditional Government Grants | (26 392 151) | 24 781 832 |
| Taxes | (1 569 031) | 287 293 |
| Cash Flow from Operating Activities | <u>42 540 860</u> | <u>47 397 312</u> |

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40 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

| | | |
|--------------------------|------------------|-------------------|
| Primary Bank Account | 5 311 494 | 8 913 223 |
| Call and Notice Deposits | 4 432 167 | 7 766 727 |
| Cash Floats | 6 226 | 4 940 |
| Total | 9 749 887 | 16 684 890 |

Refer to note 2 for more details relating to cash and cash equivalents.

41 BUDGET COMPARISONS

41.1 Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

Statement of Financial Position

Atatement of Financial Position is presented on a comparable basis.

Statement of Financial Performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement.

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance.

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement.

Other Materials is required to be separately budgeted. However this line item is not GRAP compliant as it does not disclose the nature of the expenditure. Accordingly Other Materials should be read in conjunction with Other Expenditure.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

41.2 Statement of Financial Position

Adjustments to Original Budget

Items in the State of Financial Position were adjusted to take into account adjustments made to the operating and capital budget and also to align balances with the actual audit outcomes of 2019/20.

Actual Amounts vs Final Budget

| | |
|-------------------------|---|
| Current assets | Actuals are more than budget due to higher cash balances as a result of a higher debtor collection rate than anticipated. |
| Non-current assets | Non-current assets are more than budget due to the increase in the provision for the rehabilitation of the landfill sites. The increased provision resulted in an increase to the asset which was not budgeted for. |
| Non-current liabilities | Non-current liabilities are more than budget due to the increase in the provision for the rehabilitation of the landfill sites. The increased provision not budgeted for. |



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41 BUDGET COMPARISONS (CONTINUED)

41.3 Statement of Financial Performance

Adjustments to Original Budget

| | |
|---|---|
| Service Charges | Decreased to take into account the negative effects the lockdown levels had on the Municipality's economic environment. |
| Transfers recognised - operational | Increased due to an increase in the Equitable Share allocation which is to be utilised for the loss of income as a result of the implementation of national lockdown levels. |
| Other own revenue | Decreased mainly due to a decrease in camping fees as a direct result of the national lockdown levels implemented. |
| Contracted Services | Increased as a result of fire services which were incorrectly budgeted for as Transfers and Grants. Due to the increase in Equitable Share, additional projects were also identified to assist with the revenue enhancement and recovery initiatives. |
| Transfers and grants | Decreased due to fire services which should have been budgeted as part of Contracted Services. |
| Transfers recognised - capital (Government) | Decreased due to Water Services Infrastructure Grant (WSIG) allocation which was not received. |

Actual Amounts vs Final Budget

| | |
|------------------------------------|--|
| Transfers recognised - operational | Transfers recognised - operational is less than budget due to the treatment of the funding from the Department of Human Settlements for the construction of housing top structures. For budget purposes, revenue is budgeted as part of "Transfers recognised - Operational", but for GRAP purposes it is treated as an agent function and accordingly no revenue or expenditure is reflected in the Statement of Financial Performance. |
| Other own revenue | Other own revenue were less than budget due to less traffic fines issued than what was anticipated. |
| Debt impairment | Debt impairment was less than budget, due to less traffic fines issued than anticipated, and therefore less impairment was calculated on the unpaid traffic fines. |
| Bulk purchases | Bulk purchases were less than budget due to less electricity units purchased than what was anticipated. |
| Contracted Services | Contracted services is less than budget due to the treatment of the funding from the Department of Human Settlements for the construction of housing top structures. For budget purposes, the expenditure is budgeted as part of "Contracted Services", but for GRAP purposes it is treated as an agent function and accordingly no revenue or expenditure is reflected in the Statement of Financial Performance. |

41.4 Cash Flow Statement

Adjustments to Original Budget

| | |
|---|--|
| Net Cash Flow from Operating Activities | Decreased due to a decrease in Service Charges as a result of the effects the national lockdown levels had on the Municipality's economic environment. An additional decrease was due to the Water Services Infrastructure Grant (WSIG) allocation which was not received. |
| Net Cash Flow from Investing Activities | Decreased due to the Water Services Infrastructure Grants (WSIG) allocation not received. |

Actual Amounts vs Final Budget

| | |
|---|--|
| Net Cash Flow from Operating Activities | Net cash flow from operating activities was more than budget due to higher debt collection than anticipated. |
|---|--|



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42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

42.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

| | | |
|---|------------------|------------------|
| Opening balance | 7 606 055 | 1 461 115 |
| Unauthorised expenditure current year - operating | 183 945 | 4 749 109 |
| Unauthorised expenditure current year - capital | 1 565 226 | 1 395 830 |
| Approved by Council | (7 606 055) | - |
| Unauthorised expenditure awaiting further action | 1 749 171 | 7 606 055 |

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

| | 2021 (Actual) R | 2021 (Final Budget) R | 2021 (Unauthorised) R | 2020 (Unauthorised) R |
|---|-----------------------|-----------------------------|-----------------------------|-----------------------------|
| Unauthorised expenditure - Operating | | | | |
| Vote 1 - Executive and Council | 8 529 743 | 8 752 331 | - | - |
| Vote 2 - Office of Municipal Manager | 11 210 071 | 11 649 141 | - | - |
| Vote 3 - Financial Administrative Services | 56 574 844 | 59 474 780 | - | 3 359 559 |
| Vote 4 - Community Development Services | 14 079 772 | 14 432 013 | - | - |
| Vote 5 - Corporate and Strategic Services | 18 068 994 | 18 703 498 | - | - |
| Vote 6 - Planning and Development Services | 7 625 183 | 8 582 389 | - | - |
| Vote 7 - Public Safety | 22 530 568 | 32 446 058 | - | - |
| Vote 8 - Electricity | 98 129 478 | 104 404 136 | - | - |
| Vote 9 - Waste Management | 15 865 907 | 17 488 542 | - | - |
| Vote 10 - Waste Water Management | 11 785 937 | 13 274 788 | - | 1 389 551 |
| Vote 11 - Water | 30 130 312 | 31 526 485 | - | - |
| Vote 12 - Housing | 2 570 549 | 16 924 697 | - | - |
| Vote 13 - Road Transport | 13 038 754 | 12 854 809 | 183 945 | - |
| Vote 14 - Sports and Recreation | 12 930 918 | 13 955 955 | - | - |
| Total | 323 071 028 | 364 469 622 | 183 945 | 4 749 109 |

The overspending incurred is attributable to the following categories:

Non-cash

- Debt Impairment (lower collection rate than anticipated) - 4 749 109
- Depreciation and Amortisation (large amount of projects completed in year) 183 945 -

| | | |
|--------------|----------------|------------------|
| Total | 183 945 | 4 749 109 |
|--------------|----------------|------------------|

| | 2021 (Actual) R | 2021 (Final Budget) R | 2021 (Unauthorised) R | 2020 (Unauthorised) R |
|--|-----------------------|-----------------------------|-----------------------------|-----------------------------|
| Unauthorised expenditure - Capital | | | | |
| Vote 1 - Executive and Council | - | 2 260 | - | - |
| Vote 2 - Office of Municipal Manager | - | - | - | - |
| Vote 3 - Financial Administrative Services | - | 20 000 | - | - |
| Vote 4 - Community Development Services | 35 806 | 77 206 | - | - |
| Vote 5 - Corporate and Strategic Services | 245 250 | 262 490 | - | 717 699 |
| Vote 6 - Planning and Development Services | 368 937 | 763 513 | - | 677 312 |
| Vote 7 - Public Safety | 5 618 | 11 500 | - | - |
| Vote 8 - Electricity | 15 639 086 | 15 471 609 | 167 477 | - |
| Vote 9 - Waste Management | 23 522 | 101 600 | - | - |
| Vote 10 - Waste Water Management | 19 824 414 | 18 426 665 | 1 397 749 | - |
| Vote 11 - Water | 7 364 363 | 7 973 001 | - | - |
| Vote 12 - Housing | - | 2 600 | - | - |
| Vote 13 - Road Transport | 40 346 | 260 365 | - | - |
| Vote 14 - Sports and Recreation | 1 561 794 | 2 358 049 | - | 819 |
| Total | 45 109 136 | 45 730 858 | 1 565 226 | 1 395 830 |

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The overspending incurred is attributable to the following categories:

Non-cash

- Lease of assets considered a finance lease for which no capital budget was provided - 717 699

Cash

- Overspending on MIG project 1 397 749 677 312
- Overspending on INEP project 167 477 -
- Minor overspending on own internal funded projects - 819

Total

1 565 226

1 395 830

42.2 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

| | | |
|--|-------------------|--------------------|
| Opening balance | 107 584 888 | 71 359 748 |
| Irregular expenditure incurred in the current year | 12 793 616 | 36 225 140 |
| Approved by Council | (107 584 887) | - |
| Irregular expenditure awaiting further action | 12 793 616 | 107 584 888 |

Details of irregular expenditure incurred in the current year

| | | |
|--|-------------------|-------------------|
| (a) Procurement process not followed with regards to a supplier appointed by Council in 2011 | 12 240 020 | 4 709 186 |
| (b) Incorrect interpretation and application of SCM regulation 32 | - | 1 438 623 |
| (c) Splitting of quotes | - | 868 764 |
| (d) Composition of adjudication committees not compliant with Regulations | - | 19 951 780 |
| (e) Grant funding not spent in terms of grant conditions | - | 9 256 786 |
| (f) Deviation not justifiable | 140 000 | - |
| (g) Non-compliance with SCM Regulation | 413 596 | - |
| | 12 793 616 | 36 225 140 |

Details of irregular expenditure awaiting further action:

| | | |
|--|-------------------|--------------------|
| (a) Procurement process not followed with regards to a supplier appointed by Council in 2011 | 12 240 020 | 74 670 058 |
| (b) Incorrect interpretation and application of SCM regulation 32 | - | 2 837 499 |
| (c) Splitting of quotes | - | 868 764 |
| (d) Composition of adjudication committees not compliant with Regulations | - | 19 951 780 |
| (e) Grant funding not spent in terms of grant conditions | - | 9 256 786 |
| (f) Deviation not justifiable | 140 000 | - |
| (g) Non-compliance with SCM Regulation | 413 596 | - |
| | 12 793 616 | 107 584 888 |

Incidents/cases identified in the current year include:

| | | |
|--|---|----|
| (a) Procurement process not followed with regards to a supplier appointed by Council in 2011 | - | 1 |
| (b) Incorrect interpretation and application of SCM regulation 32 | - | 2 |
| (c) Splitting of quotes | - | 4 |
| (d) Composition of adjudication committees not compliant with Regulations | - | 10 |
| (e) Grant funding not spent in terms of grant conditions | - | 1 |
| (f) Deviation not justifiable | 1 | - |
| (g) Non-compliance with SCM Regulation | 2 | - |



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42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

Amount recoverable

| | | |
|--|----------|----------|
| (a) Procurement process not followed with regards to a supplier appointed by Council in 2011 | - | - |
| (b) Incorrect interpretation and application of SCM regulation 32 | - | - |
| (c) Splitting of quotes | - | - |
| (d) Composition of adjudication committees not compliant with Regulations | - | - |
| (e) Grant funding not spent in terms of grant conditions | - | - |
| (f) Deviation not justifiable | - | - |
| (g) Non-compliance with SCM Regulation | - | - |
| | <u>-</u> | <u>-</u> |

No disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred.

42.3 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

| | | |
|---|-------------------------|-------------------------|
| Opening balance | 1 296 371 | 4 770 |
| Fruitless and wasteful expenditure incurred | 3 511 254 | 1 291 601 |
| Fruitless and wasteful expenditure recovered | - | - |
| Approved by Council | (14 767) | - |
| Fruitless and wasteful expenditure awaiting further action | <u>4 792 858</u> | <u>1 296 371</u> |

Details of fruitless and wasteful expenditure incurred

| | | |
|---|-------------------------|-------------------------|
| (a) Interest levied on overdue accounts | 1 994 | 9 997 |
| (b) Interest levied by Eskom on overdue accounts | 3 337 148 | 1 281 604 |
| (c) Payment to supplier for goods and services not yet rendered | 172 112 | - |
| Total | <u>3 511 254</u> | <u>1 291 601</u> |

Disciplinary steps or criminal proceedings undertaken on above-mentioned fruitless and wasteful expenditure incurred:

- The matter will be table to MPAC for resolution.
- The Municipality is in the process of engaging with Eskom to pardon the interest.
- The matter was discovered during the compilation of annual financial statements. The amount will be deducted from the next payment to the supplier. Internal controls will be implemented to enhance effective payment procedures.

Details of fruitless and wasteful expenditure awaiting further action:

| | | |
|---|-------------------------|-------------------------|
| (a) Interest levied on overdue accounts | 1 994 | 9 997 |
| (b) Interest levied by Eskom on overdue accounts | 4 618 751 | 1 281 604 |
| (c) Payment to supplier for goods and services not yet rendered | 172 112 | - |
| (d) Penalties on outstanding TV licences | - | 4 770 |
| Total | <u>4 792 858</u> | <u>1 296 371</u> |

43 MATERIAL LOSSES

43.1 Water distribution losses

| | | |
|--|-------------|-------------|
| Kilo litres disinfected/purified/purchased | 2 916 746 | 2 736 826 |
| Kilo litres sold and free basic services | (2 543 449) | (2 433 258) |
| Kilo litres lost during distribution | 373 297 | 303 568 |
| Percentage lost during distribution | 12.80% | 11.09% |

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

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|--|--------------------|--------------------|
| 43 MATERIAL LOSSES (CONTINUED) | | |
| 43.2 Electricity distribution losses | | |
| Units purchased (Kwh) | 60 188 003 | 62 821 363 |
| Units sold, free basic services and standard friction losses | (57 546 988) | (58 299 851) |
| Units lost during distribution (Kwh) | 2 641 015 | 4 521 512 |
| Percentage lost during distribution | 4.39% | 7.20% |
| Electricity losses are due to electricity theft on pre-paid meters. Fines were issued for first time offenders. | | |
| 44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT | | |
| 44.1 SALGA Contributions [MFMA 125 (1)(b)] | | |
| Opening balance | 1 162 942 | 151 190 |
| Expenditure incurred | 1 151 934 | 1 162 942 |
| Payments | (2 314 876) | (151 190) |
| Outstanding balance | - | 1 162 942 |
| 44.2 Audit Fees [MFMA 125 (1)(c)] | | |
| Opening balance | 1 675 341 | 304 756 |
| Expenditure incurred | 4 799 146 | 4 093 166 |
| Audit Fees | 4 173 171 | 3 559 274 |
| VAT | 625 976 | 533 891 |
| Payments | (6 474 487) | (2 722 581) |
| Outstanding Balance | - | 1 675 341 |
| 44.3 VAT [MFMA 125 (1)(c)] | | |
| Opening balance | (1 419 503) | 141 885 |
| Net amount claimed/(declared) during the year | (169 216) | (3 285 762) |
| Net amount paid/(received) during the year | (734 892) | 1 724 374 |
| Outstanding Balance Receivable/(Payable) | (2 323 611) | (1 419 503) |
| VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year. | | |
| 44.4 PAYE, SDL and UIF [MFMA 125 (1)(c)] | | |
| Opening balance | 1 318 081 | - |
| Payroll deductions and Council Contributions during the year | 18 515 816 | 16 854 744 |
| Payments | (18 327 829) | (15 536 662) |
| Outstanding Balance | 1 506 068 | 1 318 081 |
| 44.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)] | | |
| Opening balance | - | - |
| Payroll deductions and Council Contributions during the year | 28 241 432 | 26 203 073 |
| Payments made to pension and medical fund | (28 241 432) | (26 203 073) |
| Outstanding Balance | - | - |



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44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

44.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]

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

| | | |
|--------------|----------|--------------|
| PJ Strauss | - | 7 657 |
| Total | - | 7 657 |

44.7 Deviations from Supply Chain Management Regulations

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

| | | |
|--|------------------|------------------|
| Section 36(1)(a)(i) - Emergencies | 656 831 | 1 782 601 |
| Section 36(1)(a)(ii) - Single provider | 145 918 | 98 139 |
| Section 36(1)(a)(iii) - Specialised services | - | - |
| Section 36(1)(a)(iv) - Acquisition of animals for zoo's | - | - |
| Section 36(1)(a)(v) - Impractical so follow official procurement process | 738 625 | 394 347 |
| Total | 1 541 375 | 2 275 088 |

Deviations from Supply Chain Management Regulations can be allocated as follow:

| | | |
|-----------------------------------|------------------|------------------|
| Office of the Municipal Manager | - | - |
| Financial Services | 213 924 | 672 101 |
| Corporate and Strategic Services | 337 467 | 425 025 |
| Community Development Services | - | 661 130 |
| Engineering and Planning Services | 989 984 | 516 832 |
| Total | 1 541 375 | 2 275 088 |

All the deviations were ratified by the Municipal Manager and reported to Council.

44.8 Other Non-Compliance [MFMA 125(2)(e)]

(a) Payments not made within 30 days

Money owed by the Municipality was not always paid within 30 days, as required by section 65(2)(e) of the Municipal Finance Management Act.

45 CAPITAL COMMITMENTS

Approved and contracted for

| | | |
|------------------|-------------------|-------------------|
| Infrastructure | 36 414 235 | 31 743 712 |
| Community Assets | 1 781 780 | 2 072 567 |
| Total | 38 196 015 | 33 816 278 |

This expenditure will be financed from:

| | | |
|-------------------|-------------------|-------------------|
| Government Grants | 38 196 015 | 31 743 712 |
| Own funding | - | 2 072 567 |
| Total | 38 196 015 | 33 816 278 |

Capital Commitments are disclosed exclusive of Value Added Tax (VAT).



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46 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

46.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

| | | |
|--|-------------------|-------------------|
| Cash and Cash Equivalents | 9 743 661 | 16 679 951 |
| Receivables from exchange transactions | 25 277 285 | 27 173 501 |
| Long-term Receivables | 31 969 | - |
| Total | 35 052 915 | 43 853 451 |

Cash and Cash Equivalents

Deposits of the Municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

Receivables from Exchange Transactions

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

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be past due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.

Also refer to note 7 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are past due, but not impaired:

| | | |
|--------------|-------------------|-------------------|
| Electricity | 3 913 038 | 5 596 429 |
| Water | 4 368 133 | 4 982 880 |
| Refuse | 1 315 741 | 1 805 234 |
| Sewerage | 1 610 256 | 2 104 701 |
| Other | 863 615 | 1 063 867 |
| Total | 12 070 783 | 15 553 110 |

Past due receivables are aged as follow:

| | | |
|----------------------------|-------------------|-------------------|
| 1 to 3 months overdue | 4 607 621 | 7 907 447 |
| 4 months to 1 year overdue | 4 136 181 | 7 078 955 |
| 1 year overdue | 3 326 981 | 566 708 |
| | 12 070 783 | 15 553 110 |

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46 FINANCIAL RISK MANAGEMENT (CONTINUED)

46.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The financial instruments of the Municipality is not directly exposed to any currency risk.

46.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following balances are exposed to interest rate fluctuations:

| | | |
|--|--------------------|------------------|
| Cash and Cash Equivalents (excluding cash on hand) | 9 743 661 | 16 679 951 |
| Long-term Liabilities (including current portion) | (12 481 071) | (17 198 555) |
| Net balance exposed | (2 737 410) | (518 605) |

Potential effect of changes in interest rates on surplus and deficit for the year:

| | | |
|---|----------|---------|
| 0.5% (2020 - 0.5%) increase in interest rates | (13 687) | (2 593) |
| 0.5% (2020 - 0.5%) decrease in interest rates | 13 687 | 2 593 |

A slowdown in Local and International economic activity (due to the COVID-19 pandemic) have prompted the Reserve Bank to cut interest rates during the financial year to support the economy. Management does not foresee significant interest rate movements the next 12 months.

46.4 Liquidity risk

Liquidity risk is the risk encountered by the Municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

| | Within 1 Year | Between 2 to 5 years | After 5 years | Total |
|-------------------------------------|-------------------|----------------------|----------------|--------------------|
| 30 JUNE 2021 | | | | |
| Annuity Loans | 3 943 090 | 8 425 064 | - | 12 368 154 |
| Finance Lease Liabilities | 2 519 892 | 165 287 | - | 2 685 179 |
| Payables from exchange transactions | 92 698 618 | - | - | 92 698 618 |
| Total | 99 161 600 | 8 590 351 | - | 107 751 952 |
| 30 JUNE 2020 | | | | |
| Annuity Loans | 3 943 090 | 11 857 332 | 510 819 | 16 311 241 |
| Finance Lease Liabilities | 2 831 839 | 2 685 179 | - | 5 517 018 |
| Payables from exchange transactions | 78 279 157 | - | - | 78 279 157 |
| Total | 85 054 085 | 14 542 511 | 510 819 | 100 107 415 |

46.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Municipality is not exposed to any other price risk.



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FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Cash and Cash Equivalents | 9 743 661 | 16 679 951 |
| Bank Accounts | 5 311 494 | 8 913 223 |
| Call Investment Deposits | 4 432 167 | 7 766 727 |
| Receivables from Exchange transactions | 25 277 285 | 27 173 501 |
| Electricity | 13 540 434 | 14 077 634 |
| Water | 6 873 108 | 7 311 005 |
| Refuse | 1 840 901 | 2 422 812 |
| Sewerage | 2 078 610 | 2 677 364 |
| Other | 944 232 | 684 687 |
| Long-term Receivables | 31 969 | - |
| Receivables with repayment arrangements | 31 969 | - |
| Total | 35 052 915 | 43 853 451 |

Financial Liabilities

| | | |
|-------------------------------------|--------------------|-------------------|
| Payables from exchange transactions | 92 698 618 | 78 279 157 |
| Trade Payables | 79 919 733 | 68 018 620 |
| Retentions | 5 412 515 | 3 076 477 |
| Sundry Creditors | 5 682 531 | 5 703 852 |
| Sundry Deposits | 403 754 | 89 150 |
| Accrued Interest | 145 628 | 213 527 |
| Unknown Receipts | 57 816 | 100 888 |
| Department of Human Settlements | 1 076 642 | 1 076 642 |
| Long-Term Liabilities | 12 481 071 | 17 198 555 |
| Annuity Loans | 10 089 070 | 12 752 536 |
| Finance Lease Liabilities | 2 392 001 | 4 446 019 |
| Total | 105 179 690 | 95 477 712 |

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STATUTORY RECEIVABLES

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

| | | |
|--|-------------------|-------------------|
| Receivables from Non-Exchange Transactions | 7 832 764 | 9 803 847 |
| Rates | 7 088 091 | 8 554 817 |
| Fines | 744 673 | 1 249 029 |
| Taxes | 4 461 622 | 3 090 646 |
| Total | 12 294 387 | 12 894 493 |

The amounts above are disclosed after any provision for impairment has been taken into account.

Property Rates are levied in term of the Municipal Property Rates Act, 2004 (Act 6 of 2004). Refer to note 19 for property rates levied for the year and basis for interest and rate used on outstanding balances.

Traffic Fines are issued in terms of the Criminal Procedure Act, 1977. Refer to note 21 for traffic fines issued for the year. No interest is levied on outstanding traffic fines.

Taxes (Value Added Tax) are raised in terms of the Value Added Tax Act. Refer to note 5 for the respective components included in the balance. No interest is paid by the South African Revenue Service on outstanding VAT claims.

Refer to note 4 for determining the recoverability of property rates and traffic fines.

Property Rates

| | | |
|--|------------|------------|
| - Past due at the reporting date, and which have been impaired | 26 444 975 | 23 646 148 |
| - Past due that have not been impaired | 4 609 315 | 6 036 235 |



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49 PRINCIPAL-AGENT ARRANGEMENTS

The Municipality has assessed that the following significant principal-agent arrangements exists:

49.1 Department of Transport and Public Works

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission.

The following transactions were undertaken as part of principal-agent arrangement:

| | | |
|--|---------------|----------------|
| Collections payable to the Department at beginning of year | 600 319 | 755 523 |
| Revenue collected from third parties | 17 235 960 | 13 534 972 |
| Commission earned on collections included in note 25 | (2 688 096) | (1 995 105) |
| VAT on commission earned payable to the South African Revenue Services | (403 214) | (299 266) |
| Collections paid over to the Department | (14 647 247) | (11 395 806) |
| Collections payable to the Department at year-end | 97 721 | 600 319 |

49.2 Department of Human Settlements

The Municipality acts as an agent for the Department of Human Settlements for monitoring the construction of housing top structures and to facilitate the deed transfers to qualifying beneficiaries.

The following transactions were undertaken as part of principal-agent arrangement:

| | | |
|--|------------------|------------------|
| Balance at beginning of year | 1 076 642 | 975 724 |
| Payments received from the Department | - | 3 230 407 |
| Expenditure incurred on behalf of the Department | - | (3 129 489) |
| Balance at year-end | 1 076 642 | 1 076 642 |

50 EVENTS AFTER REPORTING DATE

The Municipal had no significant events after reporting date.

51 IN-KIND DONATIONS AND ASSISTANCE

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

52 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The Municipality did not enter into any PPP's in the current and prior year.

53 CONTINGENT LIABILITIES

The Municipality were exposed to the following contingent liabilities at year end:

| | | |
|--|--------|--------|
| 53.1 Matter against the Municipality by Jimmy Barnard | 50 000 | 50 000 |
|--|--------|--------|

This matter has been finalised but legal costs still have to be taxed or agreed. The legal costs for which the Municipality may be liable are estimated at R50 000.

| | | |
|---|--------|--------|
| 53.2 Matter against the Municipality by Mathilda Smith | 15 000 | 15 000 |
|---|--------|--------|

This applicant is claiming for damages amounting to R15 000. Since 2010, the applicant's attorneys has not taken any action on this matter. However, in 2015 she instructed her attorneys to continued with the matter.



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53 CONTINGENT LIABILITIES (CONTINUED)

53.3 Matter against the Municipality by Elandsbaai Handelsmaatskappy 15 000 752 000

The applicant claims against infringement of property for the amount of R652 000. During the 2019/20 financial year, negotiations progressed up to a point whereby the Municipality offered to transfer a portion of an open space for the infringed property and the Municipality's estimated legal cost to conclude the matter was estimated at R100 000, which gave rise to a contingent liability of R752 000 (R652 000 + R100 000) for 2020/21. Case was subsequently settled between the parties by means of an exchange of certain portions of property as per the settlement agreement dated 30 July 2021. The estimated outstanding costs in respect of the court case and settlement is approximately R15 000. In terms of the settlement agreement, the deemed value of the properties that's being exchanged will be taken as equal and therefore not calculated. Transfer fees will be at tariff.

53.4 Matter against the Municipality by MJ Coetzee 250 000 250 000

This matter involves an application by the owners of Erf 234 Graafwater against the Municipality for declaratory relief, alternatively a review regarding the decision taken in respect of an application for consent use. The matter is ongoing, pleadings have closed and the Applicants have to set it down for hearing. The legal costs and disbursements that the Municipality may be liable for in the event that the application is successful, is estimated at R 250 000.

53.5 Matter against the Municipality – ISW van Zyl Cancellation of Water Agreement 180 000 -

The applicant is seeking an order to expel the Municipality from the Wadrif Well Field as the agreement has lawfully expired. The Municipality is however seeking a counter order for protection of its water resources as this is of great importance for water security for Lambertsbay. Efforts are made to settle this matter. Legal cost are estimated at R 180 000.

53.6 Matter against the Municipality – HG Louw Water Agreement 40 000 -

The applicant is seeking an order to expel the Municipality from the Wadrif Well Field. The parties are negotiating a settlement in this regard. Legal cost are estimated at R 40 000.

53.7 Matter against the Municipality by Alister Ruiters (on behalf of his minor son, Alito Ruiters) 1 000 000 1 000 000

The applicant is claiming for damages amounting to R 700 000 in total. These damages related to an injury his son obtained on the property of the Municipality when an entrance gate became dislodged and fell on his son. Legal costs are estimated at approximately R 300 000. This matter has been referred to the Municipality's insurer, of which it is expected that a settlement will be reached between the plaintiff and the Municipality's insurer.

53.8 Matter against the Municipality by Michael Damon (on behalf of his minor son, Marshall Damon) 1 200 000 1 200 000

The applicant claiming for damages amounting to R 900 000 in total. These damages related to an injury his son obtained on the property of the Municipality when an entrance gate became dislodged and fell on his son. Legal costs are estimated at approximately R 300 000. This matter has been referred to the Municipality's insurer, of which it is expected that a settlement will be reached between the plaintiff and the Municipality's insurer.

53.9 Total 2 750 000 3 267 000

54 RELATED PARTIES

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

Other related parties transactions relates to the acquisition of goods under terms and conditions applicable to open market trading on a willing buyer and seller principles. The payment terms are not favourable to other transactions (other related parties) and are not secured or encumbered. Settlement terms are in accordance with the general terms of trade with no guarantees received or given.



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54 RELATED PARTIES (CONTINUED)

54.1 Related Party Loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

54.2 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 27 and 28.

54.3 Current Employee Benefits

The Municipality has the following accrued leave obligation towards management personnel at year-end:

| | | | |
|--------------|--------------------------------|---------------|----------|
| HG Slimmert | - Director: Community Services | 28 155 | - |
| M Memani | - Director: Finance | 17 031 | - |
| R Kearns | - Director: Technical Services | 15 764 | - |
| Total | | 60 950 | - |

54.4 Other related party transactions

The Municipality did not enter into any transactions where Councillors or Management had an interest.

55 TRANSACTIONS IN TERMS OF SECTION 45 OF THE MUNICIPAL SUPPLY CHAIN REGULATIONS

Section 45 of the Municipal Supply Chain Management regulations requires the disclosure of particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. The following transactions are disclosed in this regard:

| Company Name | Relationship | Position of person in service of the state | Amount | Amount |
|-------------------|-----------------------|--|--------------|---------------|
| P J Sobekwa | Brother of J Sobekwa | Foreman at Cederberg Municipality | - | 6 300 |
| HM Henderson | Sister of C Henderson | Senior clerk store at Cederberg Municipality | 3 240 | 3 000 |
| Nelodia Transport | Wife of WK Nel | Admin clerk at the SAPS | - | 1 500 |
| M Mercurur | Wife of N Mercurur | Strategic Services Manager at Cederberg Municipality | 1 910 | 21 140 |
| Total | | | 5 150 | 31 940 |

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 following financial indicators were assessed:

| | | |
|--|--------------|--------------|
| Cash available for working capital requirements (positive balance) | 4 942 172 | - |
| Current Ratio (norm - at least 2:1) | 0.44 : 1 | 0.48 : 1 |
| Cash coverage ratio (norm - 3 months or more) | 0.4 months | 0 months |
| Creditors days (norm - 30 days or less) | 160 days | 146 days |
| Debtors collection rate (95% or more) | 89.08% | 83.86% |
| Operating surplus / (deficit) | (21 371 108) | (36 299 671) |

When analysing the results of the ratio's it can be concluded that the Municipality managed to improve on its financial position from the prior year. Although there is improvement, the Municipality still find itself in a strained cash flow position. The impact of COVID-19 will have a long-term effect on the Municipality's financial situation. Council has approved a Financial and Revenue Improvement Plan to specific focus on the revenue collection and curbing expenditure. This may affect service delivery in the short term, but will be mitigated through these interventions.



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56 FINANCIAL SUSTAINABILITY (CONTINUED)

Taking the above in mind the Municipality will therefore balance service delivery and operations based on revenue collections and ensure that grant funding is spent within the prescribed timeframes as agreed with National Treasury.

Impact of COVID-19

Cederberg Municipality is in no way immune to the harsh economic realities as a result of the COVID-19 pandemic. As far possible, the Municipality factored in the effect the lockdown levels had on its economic environment. At this stage, the uncertainty still remains as to how long the pandemic will remain and how long the economy will take to recover from the lockdowns levels.

The Municipality incurred costs amounting to R310 271 (2020 - R1 573 326) in the fight against the COVID-19 pandemic of which Rnil (2020 - R732 469) was grant funded. The remaining expenditure was funded by the Municipality.

Other Indicators

Contingent Liabilities are disclosed in note 53. The total exposure amounts to R2 750 000, and therefore contingent liabilities in its totality does not pose any threat to the going concern assumption.

The Municipality is not aware of any events after reporting date which may pose a threat to the going concern assumption.

Future Budget

When analysing the 2021/22 MTREF (Medium Term Revenue and Expenditure Framework) budget which was approved by Council in 2020/21, the projected financial indicators are as follow:

| | 2021/22 | 2022/23 | 2023/24 |
|--|--------------|-------------|--------------|
| Cash available for working capital requirements (positive balance) | 2 747 875 | 3 454 527 | 3 876 153 |
| Current Ratio (norm - at least 2:1) | 0.37:1 | 0.49:1 | 0.87:1 |
| Cash coverage ratio (norm - 3 months or more) | 0.11 months | 0.13 months | 0.14 months |
| Creditors days (norm - 30 days or less) | 151 days | 122 days | 57 days |
| Debtors collection rate (95% or more) | 91% | 91% | 91% |
| Operating surplus / (deficit) | (17 645 239) | (1 590 359) | (19 171 452) |

The above-mentioned indicators also include the effect the lockdown levels have on the economic environment of the Municipality. Although the above-mentioned ratio's are still below the required norms, there is an projected improvement.

Going concern assessment

The definition of a going concern is that there is no reason to believe that an institution will have to close down or be liquidated within 12 months after the reporting date.

Except for the current financial indicator which could potentially be seen as a threat to the going concern assumption, the other assessments does not pose any threat to the going concern assumption. Given the afore-mentioned, Management is of the opinion that the Municipality can continue in operational existence for the foreseeable future.

57 B-BBEE PERFORMANCE

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



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58 NON-LIVING RESOURCES

Other than land, the Municipality identified aquifers in the Cederberg municipal area as the only non-living resources of which the water is being extracted with the use of boreholes in the following towns:

- Algeria
- Clanwilliam
- Graafwater
- Leipoldtville
- Wippertal

59 SEGMENT REPORTING

59.1 General Information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The Municipality has 40 departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

| No | Reportable Segment | Goods and/or services delivered |
|----|-------------------------------|--|
| 1 | Governance and administration | Supply of overall governance and administrative services to the segments below |
| 2 | Community Services | Sportfields, halls, parks, housing, informal settlements and library services |
| 3 | Holiday Resorts | Holiday Resorts |
| 4 | Public Safety | Traffic control and fire fighting |
| 5 | Planning and development | Town planning and building control |
| 6 | Roads and Stormwater | Construction and maintenance of roads and storm water |
| 7 | Electricity Services | Supply of electricity services |
| 8 | Water Services | Supply of water services |
| 9 | Sewerage Services | Supply of sewerage services |
| 10 | Refuse Services | Refuse removal |

59.2 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

59.3 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

59.4 Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed on the following page.



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| 59 | SEGMENT REPORTING (CONTINUED) | Governance and administration R | Community Services R | Holiday Resorts R | Public Safety R | Planning and development R | Roads and Stormwater R | Electricity Services R | Water Services R | Sewerage Services R | Refuse Services R | Total R |
|----|--|--|----------------------------|----------------------|---------------------|----------------------------------|------------------------------|------------------------------|---------------------|---------------------------|----------------------|---------------------|
| | 59.5 Specific Segment Reporting | | | | | | | | | | | |
| | 2021 | | | | | | | | | | | |
| | REVENUE | | | | | | | | | | | |
| | External Revenue from Non-Exchange Transactions | 107 224 951 | 7 752 492 | - | 7 862 947 | 1 242 309 | - | 17 132 638 | 9 297 846 | 26 229 713 | 535 854 | 177 278 750 |
| | Property Rates | 48 155 157 | - | - | - | - | - | - | - | - | - | 48 155 157 |
| | Government Grants and Subsidies - Operating | 58 942 656 | 5 353 701 | - | - | 873 371 | - | 2 289 724 | 2 160 464 | 7 477 390 | 535 854 | 77 633 162 |
| | Government Grants and Subsidies - Capital | - | 1 195 430 | - | - | 368 937 | - | 14 782 712 | 7 137 382 | 18 752 323 | - | 42 236 784 |
| | Insurance Refund | 67 793 | - | - | - | - | - | - | - | - | - | 67 793 |
| | Fines, penalties and forfeits | 59 345 | 1 203 361 | - | 7 862 947 | - | - | 60 202 | - | - | - | 9 185 854 |
| | External Revenue from Exchange Transactions | 7 876 987 | 31 385 | 1 631 224 | 3 730 751 | 1 803 992 | - | 102 233 952 | 29 064 365 | 9 457 200 | 10 828 099 | 166 657 954 |
| | Service Charges | - | - | - | - | - | - | 102 233 952 | 29 064 365 | 9 457 200 | 10 806 437 | 151 561 953 |
| | Rental of Facilities and Equipment | 674 226 | 30 411 | 1 627 979 | - | - | - | - | - | - | - | 2 332 616 |
| | Interest Earned - external investments | 748 598 | - | - | - | - | - | - | - | - | - | 748 598 |
| | Interest Earned - outstanding debtors | 5 732 914 | - | - | - | - | - | - | - | - | - | 5 732 914 |
| | Agency Services | - | - | - | 3 719 929 | - | - | - | - | - | - | 3 719 929 |
| | Other Income | 648 211 | 974 | 3 245 | 10 822 | 1 803 992 | - | - | - | - | 21 662 | 2 488 906 |
| | Gain on disposal of Non-Monetary Assets | 73 039 | - | - | - | - | - | - | - | - | - | 73 039 |
| | TOTAL REVENUE | 115 101 938 | 7 783 877 | 1 631 224 | 11 593 697 | 3 046 301 | - | 119 366 590 | 38 362 210 | 35 686 913 | 11 363 954 | 343 936 703 |
| | EXPENDITURE | | | | | | | | | | | |
| | Employee Related Costs | 47 885 410 | 14 443 338 | 4 485 130 | 10 716 074 | 6 195 023 | 5 833 965 | 6 684 859 | 12 327 381 | 3 688 671 | 10 206 886 | 122 466 737 |
| | Remuneration of Councillors | 5 571 991 | - | - | - | - | - | - | - | - | - | 5 571 991 |
| | Debt Impairment | 9 065 661 | - | - | 6 681 792 | - | - | 3 735 580 | 8 876 156 | 2 122 322 | 2 155 114 | 32 636 625 |
| | Depreciation and Amortisation | 1 801 846 | 688 682 | 152 759 | 73 884 | 43 004 | 5 827 179 | 4 199 025 | 4 568 776 | 3 780 222 | 612 963 | 21 748 339 |
| | Impairment | - | - | - | - | - | - | - | - | - | 549 901 | 549 901 |
| | Finance Charges | 11 585 070 | - | - | - | - | - | - | - | - | - | 11 585 070 |
| | Bulk Purchases | - | - | - | - | - | - | 81 771 284 | 742 549 | - | - | 82 513 833 |
| | Contracted Services | 9 103 724 | 1 031 937 | 14 912 | 3 672 839 | 150 010 | 502 837 | 318 031 | 514 512 | 838 802 | 1 134 093 | 17 281 696 |
| | Transfers and Grants | 393 506 | - | - | - | 12 500 | - | - | - | - | - | 406 006 |
| | Other Expenditure | 16 104 056 | 623 661 | 145 263 | 1 385 980 | 146 593 | 874 773 | 1 420 699 | 3 100 938 | 1 355 921 | 1 206 950 | 26 364 833 |
| | Actuarial Losses | 1 945 998 | - | - | - | - | - | - | - | - | - | 1 945 998 |
| | Total Expenditure | 103 457 261 | 16 787 618 | 4 798 064 | 22 530 568 | 6 547 130 | 13 038 754 | 98 129 478 | 30 130 312 | 11 785 937 | 15 865 907 | 323 071 028 |
| | NET SURPLUS/(DEFICIT) FOR THE YEAR | 11 644 678 | (9 003 741) | (3 166 840) | (10 936 871) | (3 500 829) | (13 038 754) | 21 237 112 | 8 231 898 | 23 900 976 | (4 501 953) | 20 865 675 |
| | Less: Government Grants and Subsidies - Capital | - | (1 195 430) | - | - | (368 937) | - | (14 782 712) | (7 137 382) | (18 752 323) | - | (42 236 784) |
| | NET OPERATING SURPLUS/(DEFICIT) FOR THE YEAR | 11 644 678 | (10 199 171) | (3 166 840) | (10 936 871) | (3 869 767) | (13 038 754) | 6 454 400 | 1 094 516 | 5 148 653 | (4 501 953) | (21 371 108) |
| | CAPITAL EXPENDITURE FOR THE YEAR | 245 250 | 1 597 600 | - | 5 618 | 368 937 | 40 346 | 15 639 086 | 7 364 363 | 19 824 414 | 23 522 | 45 109 136 |

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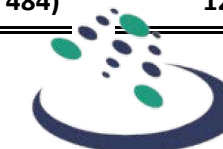
| 59 | SEGMENT REPORTING (CONTINUED) | Governance and administration R | Community Services R | Holiday Resorts R | Public Safety R | Planning and development R | Roads and Stormwater R | Electricity Services R | Water Services R | Sewerage Services R | Refuse Services R | Total R |
|----|--|--|----------------------------|----------------------|--------------------|----------------------------------|------------------------------|------------------------------|---------------------|---------------------------|----------------------|---------------------|
| | 59.5 Specific Segment Reporting | | | | | | | | | | | |
| | 2020 | | | | | | | | | | | |
| | REVENUE | | | | | | | | | | | |
| | External Revenue from Non-Exchange Transactions | 99 430 101 | 4 635 753 | - | 14 251 202 | 11 765 033 | - | 11 866 859 | 8 563 049 | 3 900 514 | 4 243 939 | 158 656 451 |
| | Property Rates | 45 526 373 | - | - | - | - | - | - | - | - | - | 45 526 373 |
| | Government Grants and Subsidies - Operating | 47 529 872 | 4 623 787 | - | 732 469 | 2 055 610 | - | 1 739 397 | 1 791 473 | 1 745 202 | 4 243 939 | 64 461 748 |
| | Government Grants and Subsidies - Capital | - | - | - | - | 9 709 423 | - | 10 104 140 | 6 771 576 | 2 155 313 | - | 28 740 452 |
| | Actuarial Gains | 5 933 954 | - | - | - | - | - | - | - | - | - | 5 933 954 |
| | Fines, penalties and forfeits | 439 902 | 11 966 | - | 13 518 733 | - | - | 23 322 | - | - | - | 13 993 924 |
| | External Revenue from Exchange Transactions | 6 435 052 | 120 609 | 2 391 490 | 2 748 366 | 1 356 051 | - | 97 603 904 | 28 024 814 | 9 105 511 | 10 034 123 | 157 819 921 |
| | Service Charges | - | - | - | - | - | - | 97 603 904 | 28 020 766 | 9 105 511 | 10 032 749 | 144 762 931 |
| | Rental of Facilities and Equipment | 360 228 | 119 443 | 2 391 490 | - | - | - | - | - | - | - | 2 871 161 |
| | Interest Earned - external investments | 505 556 | - | - | - | - | - | - | - | - | - | 505 556 |
| | Interest Earned - outstanding debtors | 4 983 566 | - | - | - | - | - | - | - | - | - | 4 983 566 |
| | Agency Services | - | - | - | 2 735 961 | - | - | - | - | - | - | 2 735 961 |
| | Other Income | 585 702 | 1 166 | - | 12 405 | 1 356 051 | - | - | 4 048 | - | 1 374 | 1 960 746 |
| | TOTAL REVENUE | 105 865 153 | 4 756 362 | 2 391 490 | 16 999 568 | 13 121 084 | - | 109 470 763 | 36 587 864 | 13 006 025 | 14 278 062 | 316 476 372 |
| | EXPENDITURE | | | | | | | | | | | |
| | Employee Related Costs | 46 515 604 | 12 766 922 | 4 408 594 | 10 473 821 | 5 219 155 | 5 719 170 | 5 859 705 | 11 684 173 | 3 427 903 | 9 289 201 | 115 364 247 |
| | Remuneration of Councillors | 5 569 861 | - | - | - | - | - | - | - | - | - | 5 569 861 |
| | Debt Impairment | 12 839 364 | - | - | 9 702 987 | - | - | 4 543 128 | 10 579 467 | 5 225 050 | 3 634 837 | 46 524 832 |
| | Depreciation and Amortisation | 1 833 771 | 696 806 | 153 185 | 23 679 | 47 780 | 4 470 825 | 4 002 266 | 4 037 051 | 2 518 357 | 1 074 715 | 18 858 434 |
| | Impairment | - | - | - | - | - | - | - | - | - | 57 948 | 57 948 |
| | Finance Charges | 9 822 083 | - | - | - | - | - | - | - | - | - | 9 822 083 |
| | Bulk Purchases | - | - | - | - | - | - | 81 546 458 | 800 477 | - | - | 82 346 935 |
| | Contracted Services | 7 765 862 | 480 946 | 58 966 | 4 148 236 | 107 280 | 586 934 | 175 905 | 1 535 351 | 1 814 476 | 1 531 932 | 18 205 886 |
| | Transfers and Grants | 558 191 | - | - | 551 087 | 35 000 | - | - | - | - | - | 1 144 278 |
| | Other Expenditure | 15 643 101 | 751 565 | 307 831 | 834 055 | 391 932 | 1 546 702 | 1 185 225 | 1 522 040 | 2 490 906 | 1 327 905 | 26 001 263 |
| | Loss on disposal of Non-Monetary Assets | 139 824 | - | - | - | - | - | - | - | - | - | 139 824 |
| | Total Expenditure | 100 687 660 | 14 696 239 | 4 928 576 | 25 733 864 | 5 801 148 | 12 323 630 | 97 312 687 | 30 158 558 | 15 476 692 | 16 916 538 | 324 035 591 |
| | NET SURPLUS/(DEFICIT) FOR THE YEAR | 5 177 493 | (9 939 877) | (2 537 086) | (8 734 295) | 7 319 936 | (12 323 630) | 12 158 076 | 6 429 305 | (2 470 666) | (2 638 476) | (7 559 219) |
| | Less: Government Grants and Subsidies - Capital | - | - | - | - | (9 709 423) | - | (10 104 140) | (6 771 576) | (2 155 313) | - | (28 740 452) |
| | | 5 177 493 | (9 939 877) | (2 537 086) | (8 734 295) | (2 389 487) | (12 323 630) | 2 053 936 | (342 271) | (4 625 979) | (2 638 476) | (36 299 672) |
| | CAPITAL EXPENDITURE FOR THE YEAR | 884 312 | 201 861 | 170 935 | 989 315 | 9 539 289 | 107 839 | 11 361 172 | 5 974 199 | 5 296 767 | 58 146 | 34 583 834 |

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APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2021

| INSTITUTION | LOAN NUMBER | RATE | MATURITY DATE | OPENING BALANCE 1 JULY 2020 | RECEIVED DURING YEAR | REDEEMED DURING YEAR | CLOSING BALANCE 30 JUNE 2021 |
|--|----------------|--------|------------------|--------------------------------|-------------------------|-------------------------|---------------------------------|
| <u>ANNUITY LOANS</u> | | | | | | | |
| ABSA | 038-723-0992 | 9.84% | 1 April 2025 | 1 859 235 | - | (303 109) | 1 556 127 |
| ABSA | 038-723-0993 | 10.43% | 17 June 2025 | 3 136 249 | - | (504 314) | 2 631 936 |
| ABSA | 038-723-0994 | 10.45% | 17 Nov 2025 | 1 359 262 | - | (192 875) | 1 166 387 |
| ABSA | 038-723-0995 | 11.33% | 30 Jun 2026 | 1 458 736 | - | (180 034) | 1 278 702 |
| Standard Bank | 03-263-793-4 | 10.36% | 31 Mar 2023 | 4 939 053 | - | (1 483 135) | 3 455 919 |
| Total Annuity Loans | | | | 12 752 536 | - | (2 663 466) | 10 089 070 |
| <u>FINANCE LEASE LIABILITIES - PRINTERS</u> | | | | | | | |
| Xerox AltaLink C8055 | | | 28 Feb 2021 | 21 039 | - | (21 039) | - |
| Xerox Versalink C7025 | | | 28 Feb 2021 | 155 987 | - | (155 987) | - |
| Samsung 057400 Pabx System | | | 31 May 2022 | 2 069 569 | - | (913 563) | 1 156 006 |
| Total Finance Lease Liabilities - Printers | | | | 2 246 595 | - | (1 090 589) | 1 156 006 |
| <u>FINANCE LEASE LIABILITIES - VEHICLES</u> | | | | | | | |
| Isuzu Kb 250C Fleetside Regular Cab | 00089668811 | | 1 Jul 2022 | 109 649 | - | (49 574) | 60 075 |
| Isuzu Kb 250C Fleetside Regular Cab | 00089668986 | | 1 Jul 2022 | 109 649 | - | (49 574) | 60 075 |
| Isuzu Kb 250C Fleetside Regular Cab | 00089669184 | | 1 Jul 2022 | 109 649 | - | (49 574) | 60 075 |
| Chevrolet Utility 1.4 + A/C (M18) | 00089669583 | | 1 Jul 2022 | 82 074 | - | (37 106) | 44 967 |
| Chevrolet Utility 1.4 + A/C (M18) | 00089670107 | | 1 Jul 2022 | 82 074 | - | (37 106) | 44 967 |
| Isuzu Kb 250C Fleetside Regular Cab | 00089670301 | | 1 Jul 2022 | 111 083 | - | (50 222) | 60 861 |
| Isuzu Kb 250C Fleetside Regular Cab | 00089733109 | | 1 Aug 2022 | 114 129 | - | (49 384) | 64 744 |
| Isuzu Kb 250C Fleetside Regular Cab | 00089733338 | | 1 Aug 2022 | 201 411 | - | (87 152) | 114 259 |
| Isuzu N Series NLR 150 | 00089733443 | | 1 Aug 2022 | 217 853 | - | (94 266) | 123 586 |
| Isuzu Kb 250C Fleetside Regular Cab | 00089733478 | | 1 Aug 2022 | 114 129 | - | (49 384) | 64 744 |
| Isuzu N Series NLR 150 | 00089733656 | | 1 Aug 2022 | 217 853 | - | (94 266) | 123 586 |
| Isuzu N Series NLR 150 | 00089733664 | | 1 Aug 2022 | 217 853 | - | (94 266) | 123 586 |
| Isuzu N Series NLR 150 | 00089733915 | | 1 Aug 2022 | 217 853 | - | (94 266) | 123 586 |
| Isuzu Kb 250C Fleetside Regular Cab | 00089734008 | | 1 Aug 2022 | 114 129 | - | (49 384) | 64 744 |
| Toyota Etios Sedan 1.5SD Sprint | 00089760637 | | 1 Aug 2022 | 90 021 | - | (38 952) | 51 068 |
| Toyota Etios Sedan 1.5SD Sprint | 00089760769 | | 1 Aug 2022 | 90 021 | - | (38 952) | 51 068 |
| Total Finance Lease Liabilities - Vehicles | | | | 2 199 424 | - | (963 429) | 1 235 995 |
| Total Long-Term Liabilities | | | | 17 198 555 | - | (4 717 484) | 12 481 071 |



CEDERBERG LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2021

| | OPENING BALANCE R | NETT GRANTS RECEIVED / (REPAID) R | TRANSFERRED TO REVENUE (OPERATING) R | TRANSFERRED TO REVENUE (CAPITAL) R | TRANSFER TO / (FROM) RECEIVABLES R | CLOSING BALANCE R |
|--|-------------------------|---|---|---|---|-------------------------|
| NATIONAL GOVERNMENT | | | | | | |
| Equitable Share | - | 60 766 597 | (60 766 597) | - | - | - |
| Municipal Infrastructure Grant (MIG) | - | 15 899 000 | (2 715 475) | (13 183 525) | - | - |
| Financial Management Grant (FMG) | - | 2 011 000 | (2 011 000) | - | - | - |
| Integrated National Electrification Programme (INEP) | 1 019 | 16 998 981 | (2 217 288) | (14 782 712) | - | - |
| Expanded Public Works Program (EPWP) | - | 2 121 000 | (2 121 000) | - | - | - |
| Water Service Infrastructure Grant (WSIG) | 25 941 676 | (9 484 597) | (2 037 252) | (14 270 546) | - | 149 281 |
| Municipal Disaster Relief Grant (COVID-19) | 76 531 | - | - | - | - | 76 531 |
| Total | 26 019 226 | 88 311 981 | (71 868 612) | (42 236 784) | - | 225 812 |
| PROVINCIAL GOVERNMENT | | | | | | |
| Library Services MRF | 4 568 | 5 026 000 | (5 026 000) | - | - | 4 568 |
| CDW Support | 5 176 | 163 824 | - | - | - | 169 000 |
| Municipal Drought Support Grant | 105 486 | - | - | - | - | 105 486 |
| Local Government Graduate Internship Grant | 156 859 | (76 859) | (40 830) | - | - | 39 170 |
| Financial Management Support Grant | 124 973 | 375 027 | (198 950) | - | - | 301 050 |
| Municipal Capacity Building Grant | 878 281 | (313 281) | (350 383) | - | - | 214 617 |
| Acceleration of Housing Delivery | - | - | - | - | - | - |
| Thusong Service Centre Grant | 179 543 | (8 898) | (148 387) | - | - | 22 258 |
| Municipal Disaster Grant (Drought Relief) | - | - | - | - | - | - |
| Local Government Support Grants (COVID-19) | - | - | - | - | - | - |
| Total | 1 454 886 | 5 165 813 | (5 764 550) | - | - | 856 149 |
| DISTRICT MUNICIPALITY | | | | | | |
| West Coast District Municipality - COVID 19 | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| ALL SPHERES OF GOVERNMENT | 27 474 112 | 93 477 794 | (77 633 162) | (42 236 784) | - | 1 081 961 |



CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

| | ORIGINAL BUDGET 2021 R | BUDGET ADJUSTMENTS 2021 R | FINAL BUDGET 2021 R | ACTUAL OUTCOME 2021 R | BUDGET VARIANCE 2021 R | RESTATEMENT OUTCOME 2020 R |
|---|------------------------------|---------------------------------|---------------------------|-----------------------------|------------------------------|----------------------------------|
| FINANCIAL PERFORMANCE | | | | | | |
| Property rates | 48 770 607 | (394 726) | 48 375 881 | 48 155 157 | (220 724) | 45 526 373 |
| Service charges | 159 184 970 | (7 023 554) | 152 161 416 | 151 561 953 | (599 463) | 144 762 931 |
| Investment revenue | 317 190 | 169 292 | 486 482 | 748 598 | 262 116 | 505 556 |
| Transfers and subsidies - operational | 85 436 249 | 7 307 829 | 92 744 078 | 77 633 162 | (15 110 916) | 64 461 748 |
| Other own revenue | 44 737 797 | (4 511 011) | 40 226 786 | 23 601 050 | (16 625 736) | 32 479 312 |
| Total Operating Revenue (excluding capital transfers) | 338 446 813 | (4 452 170) | 333 994 643 | 301 699 920 | (32 294 723) | 287 735 919 |
| Employee costs | 123 557 424 | 1 279 659 | 124 837 083 | 122 466 737 | (2 370 346) | 115 364 247 |
| Remuneration of councillors | 5 857 909 | (529 839) | 5 328 070 | 5 571 991 | 243 921 | 5 569 861 |
| Debt impairment | 48 643 000 | 161 000 | 48 804 000 | 32 636 625 | (16 167 375) | 46 524 832 |
| Depreciation and asset impairment | 21 140 900 | (1 097 900) | 20 043 000 | 22 298 239 | 2 255 239 | 18 916 382 |
| Finance charges | 8 435 381 | 3 090 804 | 11 526 185 | 11 585 070 | 58 885 | 9 822 083 |
| Bulk purchases | 90 160 340 | (1 951 000) | 88 209 340 | 82 513 833 | (5 695 507) | 82 346 935 |
| Other Materials | 6 344 980 | 1 432 594 | 7 777 574 | - | (7 777 574) | - |
| Contracted Services | 27 194 740 | 7 986 349 | 35 181 089 | 17 281 696 | (17 899 394) | 18 205 886 |
| Transfers and grants | 4 617 651 | (3 638 815) | 978 836 | 406 006 | (572 830) | 1 144 278 |
| Other expenditure | 21 665 940 | 118 505 | 21 784 445 | 28 310 831 | 6 526 386 | 26 001 263 |
| Loss on disposal of PPE | - | - | - | - | - | 139 823 |
| Total Expenditure | 357 618 265 | 6 851 357 | 364 469 622 | 323 071 027 | (41 398 595) | 324 035 590 |
| Surplus/(Deficit) | (19 171 452) | (11 303 527) | (30 474 979) | (21 371 108) | 9 103 871 | (36 299 671) |
| Transfers and subsidies - Capital (monetary) from government | 58 774 348 | (16 419 910) | 42 354 438 | 42 236 784 | (117 655) | 28 740 452 |
| Transfers and subsidies - Capital (monetary) from other providers | - | 187 175 | 187 175 | - | (187 175) | - |
| Surplus/(Deficit) for the year | 39 602 896 | (27 536 262) | 12 066 634 | 20 865 676 | 8 799 042 | (7 559 219) |
| CAPITAL EXPENDITURE & FUNDS SOURCES | | | | | | |
| Capital expenditure | 66 218 876 | (20 488 018) | 45 730 858 | 45 109 136 | (621 722) | 34 583 834 |
| Transfers recognised - capital | 58 770 000 | (16 415 562) | 42 354 438 | 42 236 784 | (117 655) | 29 691 356 |
| Borrowing | 1 500 000 | (1 500 000) | - | - | - | - |
| Internally generated funds | 5 948 876 | (2 572 456) | 3 376 420 | 2 872 352 | (504 068) | 4 892 478 |
| Total sources of capital funds | 66 218 876 | (20 488 018) | 45 730 858 | 45 109 136 | (621 722) | 34 583 834 |
| CASH FLOWS | | | | | | |
| Net cash from (used) operating | 69 751 098 | (35 499 643) | 34 251 454 | 42 331 084 | 8 079 630 | 47 344 297 |
| Net cash from (used) investing | (66 218 876) | 20 488 018 | (45 730 858) | (44 758 379) | 972 479 | (33 768 545) |
| Net cash from (used) financing | (2 087 645) | (2 428 085) | (4 515 730) | (4 507 708) | 8 022 | (4 078 260) |
| Net Cash Movement for the year | 1 444 577 | (17 439 711) | (15 995 134) | (6 935 003) | 9 060 130 | 9 497 493 |
| Cash/cash equivalents at beginning of year | 548 741 | 16 136 149 | 16 684 890 | 16 684 890 | - | 7 187 397 |
| Cash/cash equivalents at the year end | 1 993 318 | (1 303 562) | 689 757 | 9 749 887 | 9 060 130 | 16 684 890 |

CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

| | ORIGINAL BUDGET 2021 R | BUDGET ADJUSTMENTS 2021 R | FINAL BUDGET 2021 R | ACTUAL OUTCOME 2021 R | BUDGET VARIANCE 2021 R | RESTATEMENT 2020 R |
|--|------------------------------|---------------------------------|---------------------------|-----------------------------|------------------------------|--------------------------|
| REVENUE (STANDARD CLASSIFICATION) | | | | | | |
| Governance and administration | | | | | | |
| Executive and council | 9 074 230 | 1 316 286 | 10 390 516 | 54 220 493 | 43 829 977 | 43 111 964 |
| Finance and administration | 67 315 211 | 246 918 | 67 562 129 | 60 881 445 | (6 680 684) | 62 753 189 |
| Internal audit | - | - | - | - | - | - |
| Community and public safety | | | | | | |
| Community and social services | 5 172 170 | 151 744 | 5 323 914 | 5 214 498 | (109 416) | 5 474 330 |
| Sport and recreation | 6 674 389 | (2 243 105) | 4 431 284 | 4 209 120 | (222 164) | 2 413 474 |
| Public safety | 21 960 173 | (2 955 103) | 19 005 070 | 7 865 251 | (11 139 819) | 13 523 656 |
| Housing | 13 000 000 | 1 076 641 | 14 076 641 | - | (14 076 641) | - |
| Economic and environmental services | | | | | | |
| Planning and development | 2 277 398 | 778 475 | 3 055 873 | 3 046 301 | (9 573) | 13 121 084 |
| Road transport | 6 944 213 | (3 186 206) | 3 758 007 | 3 719 929 | (38 078) | 2 735 961 |
| Trading services | | | | | | |
| Energy sources | 137 974 153 | (7 068 850) | 130 905 303 | 119 366 590 | (11 538 713) | 109 470 763 |
| Water management | 77 039 491 | (23 000 552) | 54 038 939 | 38 362 210 | (15 676 729) | 36 587 864 |
| Waste water management | 30 354 573 | 12 430 987 | 42 785 560 | 35 686 913 | (7 098 647) | 13 006 025 |
| Waste management | 19 435 160 | 1 767 860 | 21 203 020 | 11 363 954 | (9 839 066) | 14 278 062 |
| Total Revenue - Standard | 397 221 161 | (20 684 905) | 376 536 256 | 343 936 703 | (32 599 553) | 316 476 372 |
| EXPENDITURE (STANDARD CLASSIFICATION) | | | | | | |
| Governance and administration | | | | | | |
| Executive and council | 12 752 643 | 1 039 821 | 13 792 464 | 13 518 245 | (274 219) | 11 758 220 |
| Finance and administration | 84 219 972 | 8 054 700 | 92 274 672 | 87 840 840 | (4 433 832) | 86 877 678 |
| Internal audit | 1 164 132 | (40 667) | 1 123 465 | 1 095 173 | (28 292) | 1 020 634 |
| Community and public safety | | | | | | |
| Community and social services | 10 440 719 | (519 155) | 9 921 564 | 9 323 728 | (597 836) | 9 366 438 |
| Sport and recreation | 12 990 387 | 965 568 | 13 955 955 | 12 930 918 | (1 025 037) | 12 030 737 |
| Public safety | 29 901 822 | (2 887 138) | 27 014 684 | 17 619 766 | (9 394 918) | 20 449 126 |
| Housing | 15 749 921 | 1 174 776 | 16 924 697 | 2 570 549 | (14 354 148) | 2 061 522 |
| Economic and environmental services | | | | | | |
| Planning and development | 7 621 857 | 539 295 | 8 161 152 | 7 550 132 | (611 020) | 6 832 276 |
| Road transport | 12 881 176 | (45 441) | 12 835 735 | 13 395 421 | 559 686 | 12 454 746 |
| Trading services | | | | | | |
| Energy sources | 104 330 017 | 74 119 | 104 404 136 | 98 129 478 | (6 274 658) | 97 312 687 |
| Water management | 35 690 343 | (4 163 858) | 31 526 485 | 30 130 312 | (1 396 173) | 30 158 558 |
| Waste water management | 13 689 930 | 1 356 141 | 15 046 071 | 13 100 559 | (1 945 512) | 16 796 431 |
| Waste management | 16 185 346 | 1 303 196 | 17 488 542 | 15 865 907 | (1 622 635) | 16 916 538 |
| Total Expenditure - Standard | 357 618 265 | 6 851 357 | 364 469 622 | 323 071 028 | (41 398 594) | 324 035 591 |
| Surplus/(Deficit) for the year | 39 602 896 | (27 536 262) | 12 066 634 | 20 865 676 | 8 799 041 | (7 559 219) |



CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

| | ORIGINAL BUDGET 2021 R | BUDGET ADJUSTMENTS 2021 R | FINAL BUDGET 2021 R | ACTUAL OUTCOME 2021 R | BUDGET VARIANCE 2021 R | RESTATEMENT 2020 R |
|--|------------------------------|---------------------------------|---------------------------|-----------------------------|------------------------------|--------------------------|
| REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION) | | | | | | |
| REVENUE | | | | | | |
| Vote 1 - Executive and Council | 9 074 230 | 1 316 286 | 10 390 516 | 54 220 493 | 43 829 977 | 43 111 964 |
| Vote 2 - Office of Municipal Manager | - | 80 000 | 80 000 | 40 830 | (39 170) | 16 029 |
| Vote 3 - Financial Administrative Services | 56 642 687 | 1 489 872 | 58 132 559 | 57 355 031 | (777 528) | 59 745 043 |
| Vote 4 - Community Development Services | 7 661 460 | 353 213 | 8 014 673 | 8 328 879 | 314 206 | 7 074 552 |
| Vote 5 - Corporate and Strategic Services | 8 156 224 | (1 584 474) | 6 571 750 | 362 686 | (6 209 064) | 651 943 |
| Vote 6 - Planning and Development Services | 2 283 358 | 774 995 | 3 058 353 | 3 046 301 | (12 053) | 13 121 084 |
| Vote 7 - Public Safety | 25 894 313 | (3 046 655) | 22 847 658 | 11 593 697 | (11 253 961) | 16 999 568 |
| Vote 8 - Electricity | 137 974 153 | (7 068 850) | 130 905 303 | 119 366 590 | (11 538 713) | 109 470 763 |
| Vote 9 - Waste Management | 19 435 160 | 1 767 860 | 21 203 020 | 11 363 954 | (9 839 066) | 14 278 062 |
| Vote 10 - Waste Water Management | 30 354 573 | 12 430 987 | 42 785 560 | 35 686 913 | (7 098 647) | 13 006 025 |
| Vote 11 - Water | 77 039 491 | (23 000 552) | 54 038 939 | 38 362 210 | (15 676 729) | 36 587 864 |
| Vote 12 - Housing | 13 000 000 | 1 076 641 | 14 076 641 | - | (14 076 641) | - |
| Vote 13 - Road Transport | 3 031 123 | (3 031 123) | - | - | - | - |
| Vote 14 - Sports and Recreation | 6 674 389 | (2 243 105) | 4 431 284 | 4 209 120 | (222 164) | 2 413 474 |
| Total Revenue by Vote | 397 221 161 | (20 684 905) | 376 536 256 | 343 936 703 | (32 599 553) | 316 476 372 |
| EXPENDITURE | | | | | | |
| Vote 1 - Executive and Council | 9 194 190 | (441 859) | 8 752 331 | 8 529 743 | (222 588) | 8 613 353 |
| Vote 2 - Office of Municipal Manager | 9 352 196 | 2 296 945 | 11 649 141 | 11 210 071 | (439 070) | 8 788 446 |
| Vote 3 - Financial Administrative Services | 52 232 689 | 7 242 091 | 59 474 780 | 56 574 844 | (2 899 937) | 55 435 728 |
| Vote 4 - Community Development Services | 12 657 313 | 1 774 700 | 14 432 013 | 14 079 772 | (352 241) | 14 269 042 |
| Vote 5 - Corporate and Strategic Services | 20 095 307 | (1 391 809) | 18 703 498 | 18 068 994 | (634 504) | 18 512 475 |
| Vote 6 - Planning and Development Services | 8 278 571 | 303 818 | 8 582 389 | 7 625 183 | (957 207) | 6 402 319 |
| Vote 7 - Public Safety | 35 846 786 | (3 400 728) | 32 446 058 | 22 530 568 | (9 915 490) | 25 733 864 |
| Vote 8 - Electricity | 104 330 017 | 74 119 | 104 404 136 | 98 129 478 | (6 274 658) | 97 312 687 |
| Vote 9 - Waste Management | 16 185 346 | 1 303 196 | 17 488 542 | 15 865 907 | (1 622 635) | 16 916 538 |
| Vote 10 - Waste Water Management | 12 162 388 | 1 112 400 | 13 274 788 | 11 785 937 | (1 488 851) | 15 476 692 |
| Vote 11 - Water | 35 690 343 | (4 163 858) | 31 526 485 | 30 130 312 | (1 396 173) | 30 158 558 |
| Vote 12 - Housing | 15 749 921 | 1 174 776 | 16 924 697 | 2 570 549 | (14 354 148) | 2 061 522 |
| Vote 13 - Road Transport | 12 852 811 | 1 998 | 12 854 809 | 13 038 754 | 183 945 | 12 323 630 |
| Vote 14 - Sports and Recreation | 12 990 387 | 965 568 | 13 955 955 | 12 930 918 | (1 025 037) | 12 030 737 |
| Total Expenditure by Vote | 357 618 265 | 6 851 357 | 364 469 622 | 323 071 028 | (41 398 594) | 324 035 591 |
| Surplus/(Deficit) for the year | 39 602 896 | (27 536 262) | 12 066 634 | 20 865 676 | 8 799 041 | (7 559 219) |



CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

| | ORIGINAL BUDGET 2021 R | BUDGET ADJUSTMENTS 2021 R | FINAL BUDGET 2021 R | ACTUAL OUTCOME 2021 R | BUDGET VARIANCE 2021 R | RESTATEMENT OUTCOME 2020 R |
|---|------------------------------|---------------------------------|---------------------------|-----------------------------|------------------------------|----------------------------------|
| REVENUE AND EXPENDITURE | | | | | | |
| REVENUE BY SOURCE | | | | | | |
| Property rates | 48 770 607 | (394 726) | 48 375 881 | 48 155 157 | (220 724) | 45 526 373 |
| Service charges - electricity revenue | 105 688 278 | (2 688 854) | 102 999 424 | 102 233 952 | (765 472) | 97 603 904 |
| Service charges - water revenue | 32 389 722 | (3 484 961) | 28 904 761 | 29 064 365 | 159 604 | 28 020 766 |
| Service charges - sanitation revenue | 10 733 930 | (1 278 070) | 9 455 860 | 9 457 200 | 1 340 | 9 105 511 |
| Service charges - refuse revenue | 10 373 040 | 428 331 | 10 801 371 | 10 806 437 | 5 066 | 10 032 749 |
| Rental of facilities and equipment | 493 240 | (134 195) | 359 045 | 2 332 616 | 1 973 571 | 2 871 161 |
| Interest earned - external investments | 317 190 | 169 292 | 486 482 | 748 598 | 262 116 | 505 556 |
| Interest earned - outstanding debtors | 5 235 790 | 1 222 019 | 6 457 809 | 5 732 914 | (724 895) | 4 983 566 |
| Fines, penalties and forfeits | 22 033 953 | (1 748 833) | 20 285 120 | 9 185 854 | (11 099 266) | 13 993 924 |
| Licences and permits | - | 2 400 | 2 400 | - | (2 400) | - |
| Agency services | 3 907 940 | (151 083) | 3 756 857 | 3 719 929 | (36 928) | 2 735 961 |
| Transfers and subsidies - Operating | 85 436 249 | 7 307 829 | 92 744 078 | 77 633 162 | (15 110 916) | 64 461 748 |
| Other revenue | 13 066 874 | (3 701 319) | 9 365 555 | 2 556 699 | (6 808 856) | 7 894 700 |
| Gain on disposal of PPE | - | - | - | 73 038 | 73 038 | - |
| Total Revenue (excl capital transfers) | 338 446 813 | (4 452 170) | 333 994 643 | 301 699 920 | (32 294 723) | 287 735 919 |
| EXPENDITURE BY TYPE | | | | | | |
| Employee related costs | 123 557 424 | 1 279 659 | 124 837 083 | 122 466 737 | (2 370 346) | 115 364 247 |
| Remuneration of councillors | 5 857 909 | (529 839) | 5 328 070 | 5 571 991 | 243 921 | 5 569 861 |
| Debt impairment | 48 643 000 | 161 000 | 48 804 000 | 32 636 625 | (16 167 375) | 46 524 832 |
| Depreciation and asset impairment | 21 140 900 | (1 097 900) | 20 043 000 | 22 298 239 | 2 255 239 | 18 916 382 |
| Finance charges | 8 435 381 | 3 090 804 | 11 526 185 | 11 585 070 | 58 885 | 9 822 083 |
| Bulk purchases | 90 160 340 | (1 951 000) | 88 209 340 | 82 513 833 | (5 695 507) | 82 346 935 |
| Other Materials | 6 344 980 | 1 432 594 | 7 777 574 | - | (7 777 574) | - |
| Contracted Services | 27 194 740 | 7 986 349 | 35 181 089 | 17 281 696 | (17 899 394) | 18 205 886 |
| Transfers and grants | 4 617 651 | (3 638 815) | 978 836 | 406 006 | (572 830) | 1 144 278 |
| Other expenditure | 21 665 940 | 118 505 | 21 784 445 | 28 310 831 | 6 526 386 | 26 001 263 |
| Loss on disposal of PPE | - | - | - | - | - | 139 823 |
| Total Expenditure | 357 618 265 | 6 851 357 | 364 469 622 | 323 071 027 | (41 398 595) | 324 035 590 |
| Surplus/(Deficit) | (19 171 452) | (11 303 527) | (30 474 979) | (21 371 108) | 9 103 871 | (36 299 671) |
| Transfers and subsidies - Capital (monetary) from government | 58 774 348 | (16 419 910) | 42 354 438 | 42 236 784 | (117 655) | 28 740 452 |
| Transfers and subsidies - Capital (monetary) from other providers | - | 187 175 | 187 175 | - | (187 175) | - |
| Surplus/(Deficit) for the year | 39 602 896 | (27 536 262) | 12 066 634 | 20 865 676 | 8 799 042 | (7 559 219) |



CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

| | ORIGINAL BUDGET 2021 R | BUDGET ADJUSTMENTS 2021 R | FINAL BUDGET 2021 R | ACTUAL OUTCOME 2021 R | BUDGET VARIANCE 2021 R | RESTATED OUTCOME 2020 R |
|---|------------------------------|---------------------------------|---------------------------|-----------------------------|------------------------------|-------------------------------|
| CAPITAL EXPENDITURE | | | | | | |
| CAPITAL EXPENDITURE (MUNICIPAL VOTE) | | | | | | |
| Multi-year expenditure | | | | | | |
| Vote 6 - Planning and Development Services | 974 735 | (229 483) | 745 252 | 351 021 | (394 231) | 8 917 643 |
| Vote 8 - Electricity | 240 000 | 13 000 | 253 000 | 120 498 | (132 503) | 4 553 530 |
| Vote 10 - Waste Water Management | 9 717 518 | 1 367 744 | 11 085 262 | 11 619 158 | 533 896 | 3 363 278 |
| Vote 11 - Water | 26 166 956 | (26 166 729) | 227 | - | (227) | - |
| Vote 14 - Sports and Recreation | 2 186 443 | (869 566) | 1 316 877 | 1 195 430 | (121 447) | - |
| Total Multi-year expenditure | 39 285 652 | (25 885 034) | 13 400 618 | 13 286 106 | (114 512) | 16 834 451 |
| Single-year expenditure | | | | | | |
| Vote 1 - Executive and Council | - | 2 260 | 2 260 | - | (2 260) | - |
| Vote 2 - Office of Municipal Manager | - | - | - | - | - | - |
| Vote 3 - Financial Administrative Services | 1 550 000 | (1 530 000) | 20 000 | - | (20 000) | 52 421 |
| Vote 4 - Community Development Services | 100 000 | (22 794) | 77 206 | 35 806 | (41 400) | 59 869 |
| Vote 5 - Corporate and Strategic Services | 270 000 | (7 510) | 262 490 | 245 250 | (17 240) | 829 287 |
| Vote 6 - Planning and Development Services | 38 261 | (20 000) | 18 261 | 17 917 | (344) | 621 646 |
| Vote 7 - Public Safety | - | 11 500 | 11 500 | 5 618 | (5 882) | 989 315 |
| Vote 8 - Electricity | 20 436 087 | (5 217 478) | 15 218 609 | 15 518 588 | 299 979 | 6 807 642 |
| Vote 9 - Waste Management | 310 000 | (208 400) | 101 600 | 23 522 | (78 078) | 58 146 |
| Vote 10 - Waste Water Management | 420 000 | 6 921 403 | 7 341 403 | 8 205 256 | 863 853 | 1 933 488 |
| Vote 11 - Water | 800 000 | 7 172 774 | 7 972 774 | 7 364 363 | (608 411) | 5 974 199 |
| Vote 12 - Housing | - | 2 600 | 2 600 | - | (2 600) | 0 |
| Vote 13 - Road Transport | 670 000 | (409 635) | 260 365 | 40 346 | (220 019) | 107 839 |
| Vote 14 - Sports and Recreation | 2 338 876 | (1 297 704) | 1 041 172 | 366 364 | (674 808) | 315 531 |
| Total Single-year expenditure | 26 933 224 | 5 397 016 | 32 330 240 | 31 823 030 | (507 210) | 17 749 383 |
| Total Capital Expenditure by Vote | 66 218 876 | (20 488 018) | 45 730 858 | 45 109 136 | (621 722) | 34 583 834 |



CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

| | ORIGINAL BUDGET 2021 R | BUDGET ADJUSTMENTS 2021 R | FINAL BUDGET 2021 R | ACTUAL OUTCOME 2021 R | BUDGET VARIANCE 2021 R | RESTATED OUTCOME 2020 R |
|--|------------------------------|---------------------------------|---------------------------|-----------------------------|------------------------------|-------------------------------|
| CAPITAL EXPENDITURE (CONTINUED) | | | | | | |
| CAPITAL EXPENDITURE (STANDARD CLASSIFICATION) | | | | | | |
| Governance and administration | | | | | | |
| Executive and council | - | 2 260 | 2 260 | - | (2 260) | - |
| Finance and administration | 1 820 000 | (1 537 510) | 282 490 | 245 250 | (37 240) | 884 312 |
| Internal audit | - | - | - | - | - | - |
| Community and public safety | | | | | | |
| Community and social services | 100 000 | (22 794) | 77 206 | 35 806 | (41 400) | 57 266 |
| Sport and recreation | 4 525 319 | (2 167 270) | 2 358 049 | 1 561 794 | (796 255) | 315 531 |
| Public safety | - | 11 500 | 11 500 | 5 618 | (5 882) | 989 315 |
| Housing | - | 2 600 | 2 600 | - | (2 600) | 0 |
| Economic and environmental services | | | | | | |
| Planning and development | 1 012 996 | (249 483) | 763 513 | 368 937 | (394 576) | 9 539 289 |
| Road transport | 570 000 | (409 635) | 160 365 | 40 346 | (120 019) | 101 438 |
| Trading services | | | | | | |
| Energy sources | 20 676 087 | (5 204 478) | 15 471 609 | 15 639 086 | 167 477 | 11 361 172 |
| Water management | 26 966 956 | (18 993 955) | 7 973 001 | 7 364 363 | (608 638) | 5 974 199 |
| Waste water management | 10 237 518 | 8 289 147 | 18 526 665 | 19 824 414 | 1 297 749 | 5 303 168 |
| Waste management | 310 000 | (208 400) | 101 600 | 23 522 | (78 078) | 58 146 |
| Total Capital Expenditure - Standard | 66 218 876 | (20 488 018) | 45 730 858 | 45 109 136 | (621 722) | 34 583 834 |
| FUNDING SOURCES | | | | | | |
| National Government | 58 770 000 | (16 511 261) | 42 258 739 | 42 236 784 | (21 956) | 25 845 093 |
| Provincial Government | - | 95 699 | 95 699 | - | (95 699) | 3 846 263 |
| District Municipality | - | - | - | - | - | - |
| Other transfers and grants | - | - | - | - | - | - |
| Transfers recognised - capital | 58 770 000 | (16 415 562) | 42 354 438 | 42 236 784 | (117 655) | 29 691 356 |
| Borrowing | 1 500 000 | (1 500 000) | - | - | - | - |
| Internally generated funds | 5 948 876 | (2 572 456) | 3 376 420 | 2 872 352 | (504 068) | 4 892 478 |
| Total Capital Funding | 66 218 876 | (20 488 018) | 45 730 858 | 45 109 136 | (621 722) | 34 583 834 |



CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

| | ORIGINAL BUDGET 2021 R | BUDGET ADJUSTMENTS 2021 R | FINAL BUDGET 2021 R | ACTUAL OUTCOME 2021 R | BUDGET VARIANCE 2021 R | RESTATED OUTCOME 2020 R |
|--|------------------------------|---------------------------------|---------------------------|-----------------------------|------------------------------|-------------------------------|
| CASH FLOWS | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| Receipts | | | | | | |
| Property rates, penalties & collection charges | 43 039 276 | 179 918 | 43 219 194 | 45 968 054 | 2 748 861 | 40 582 028 |
| Service charges | 137 022 061 | (1 391 957) | 135 630 105 | 137 056 164 | 1 426 059 | 123 172 181 |
| Other revenue | 20 708 007 | (2 779 855) | 17 928 152 | 9 473 781 | (8 454 371) | 12 106 897 |
| Government - operating | 85 436 249 | 1 411 774 | 86 848 023 | 51 241 011 | (35 607 013) | 89 243 581 |
| Government - capital | 58 774 348 | (39 074 608) | 19 699 740 | 42 236 784 | 22 537 044 | 28 740 452 |
| Interest | 3 598 421 | (1 346 349) | 2 252 072 | 748 598 | (1 503 474) | 505 556 |
| Payments | | | | | | |
| Suppliers and employees | (272 632 233) | 7 268 130 | (265 364 103) | (238 632 707) | 26 731 396 | (242 081 028) |
| Finance charges | (1 577 381) | (2 953 811) | (4 531 192) | (5 354 594) | (823 402) | (3 781 092) |
| Transfers and grants | (4 617 651) | 3 187 115 | (1 430 536) | (406 006) | 1 024 530 | (1 144 278) |
| NET CASH FROM OPERATING ACTIVITIES | 69 751 098 | (35 499 643) | 34 251 454 | 42 331 084 | 8 079 630 | 47 344 297 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Receipts | | | | | | |
| Proceeds on disposal of PPE | - | - | - | 350 757 | 350 757 | 66 739 |
| Payments | | | | | | |
| Capital assets | (66 218 876) | 20 488 018 | (45 730 858) | (45 109 136) | 621 722 | (33 835 284) |
| NET CASH USED IN INVESTING ACTIVITIES | (66 218 876) | 20 488 018 | (45 730 858) | (44 758 379) | 972 479 | (33 768 545) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Receipts | | | | | | |
| Borrowing long term/refinancing | 1 500 000 | (1 500 000) | - | - | - | - |
| Increase (decrease) in consumer deposits | 113 355 | 88 537 | 201 892 | 209 776 | 7 884 | 53 015 |
| Payments | | | | | | |
| Repayment of borrowing | (3 701 000) | (1 016 622) | (4 717 622) | (4 717 484) | 138 | (4 131 274) |
| NET CASH FROM FINANCING ACTIVITIES | (2 087 645) | (2 428 085) | (4 515 730) | (4 507 708) | 8 022 | (4 078 260) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 1 444 577 | (17 439 711) | (15 995 134) | (6 935 003) | 9 060 130 | 9 497 493 |
| Cash/cash equivalents at the year begin: | 548 741 | 16 136 149 | 16 684 890 | 16 684 890 | - | 7 187 397 |
| Cash/cash equivalents at the year end: | 1 993 318 | (1 303 562) | 689 757 | 9 749 887 | 9 060 130 | 16 684 890 |



AUDITOR - GENERAL
SOUTH AFRICA

06 February 2022