

CEDERBERG LOCAL MUNICIPALITY



AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 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 (AFTER 2021 ELECTION)

Ward 1	Cllr AM Scheepers
Ward 2	Cllr F Kamfer
Ward 3	Cllr M Heins
Ward 4	Cllr PJ Strauss
Ward 5	Cllr WJ Farmer
Ward 6	Cllr TF Waldeck
Proportional	Cllr RR Richards
Proportional	Cllr WC van Neel
Proportional	Cllr RG Witbooi
Proportional	Cllr JH van Heerden
Proportional	Cllr MG Bergh

MEMBERS OF THE MAYORAL COMMITTEE (AFTER 2021 ELECTION)

Cllr RR Richards (Executive Mayor)
Cllr JH van Heerden (Deputy Executive Mayor)
Cllr WJ Farmer (Speaker)
Cllr TF Waldeck
Cllr MG Bergh

MUNICIPAL MANAGER

Mr CP Sheldon (Acting)

CHIEF FINANCIAL OFFICER

Mr C Appel (Acting)

AUDIT COMMITTEE

Omar Valley (Chairperson)
Charles Beukes
Omphile Sehunelo

REGISTERED OFFICE

2A Voortrekker Road
Clanwilliam
8135

POSTAL ADDRESS

Private Bag x2
Clanwilliam
8135

MEMBERS OF THE COUNCIL (PRIOR TO 2021 ELECTION)

Ward 1	Vacant
Ward 2	Cllr RV Pretorius
Ward 3	Cllr M Heins
Ward 4	Cllr PJ Strauss
Ward 5	Cllr WJ Farmer
Ward 6	Cllr RG Witbooi
Proportional	Cllr NS Qunta
Proportional	Cllr L Scheepers
Proportional	Cllr F Kamfer
Proportional	Cllr EN Majikejela
Proportional	Cllr FN Sokuyeka

MEMBERS OF THE MAYORAL COMMITTEE (PRIOR TO 2021 ELECTION)

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

CEDERBERG LOCAL MUNICIPALITY

GENERAL INFORMATION

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

Standard Bank of South Africa Ltd

ATTORNEYS

Burger & Marias Attorneys

Clyde en Co Attorneys

Enderstein Van der Merwe

Erasmus & Associates

Grant Spammer Attorneys

KM Ramodike Attorneys

Lizel Venter Attorneys

Mervin Doralingo

Turner Legal Consulting

Visser & Vennote

Webber Wentzel

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 2022, which are set out on pages 1 to 91 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

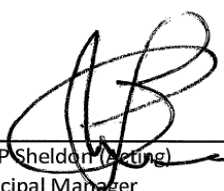
The annual financial statements have been prepared in accordance with GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

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 2023 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 CP Sheldon (Acting)
Municipal Manager

31.08.2022
Date

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	2022 R (Actual)	2021 R (Restated)
ASSETS			
Current Assets			
		63 254 459	51 763 796
Cash and Cash Equivalents	2	11 815 140	9 749 887
Receivables from Exchange Transactions	3	26 729 374	24 853 639
Receivables from Non-Exchange Transactions	4	14 965 398	11 384 363
Taxes	5	8 289 923	4 461 622
Operating Lease Assets	6	222	4 956
Current Portion of Long-term Receivables	7	-	31 969
Inventory	8	1 454 402	1 277 361
Non-Current Assets			
		734 369 933	715 489 737
Investment Property	9	74 397 571	77 313 099
Property, Plant and Equipment	10	658 928 369	636 922 279
Intangible Assets	11	1 043 993	1 254 360
Total Assets			
		797 624 391	767 253 533
Current Liabilities			
		135 682 605	116 558 744
Current Portion of Long-term Liabilities	12	3 725 600	5 178 934
Consumer Deposits	13	2 539 335	2 317 963
Payables from Exchange Transactions	14	109 198 456	95 039 366
Unspent Conditional Government Grants	15	6 385 961	1 081 961
Operating Lease Liabilities	6	4 758	7 570
Current Employee Benefits	16	13 828 494	12 932 949
Non-Current Liabilities			
		86 218 953	84 676 649
Long-term Liabilities	12	4 385 173	7 302 137
Employee Benefits	17	36 020 000	32 054 000
Non-Current Provisions	18	45 813 780	45 320 512
Total Liabilities			
		221 901 558	201 235 393
NET ASSETS			
		575 722 833	566 018 141
COMMUNITY WEALTH			
Accumulated Surplus		575 722 833	566 018 141
		575 722 833	566 018 141

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2022

	Notes	2022 R (Actual)	2021 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		187 641 711	182 151 843
Taxation Revenue		52 403 952	48 155 157
Property Rates	19	52 403 952	48 155 157
Transfer Revenue		123 260 559	119 869 945
Government Grants and Subsidies - Operating	20	74 305 017	77 633 162
Government Grants and Subsidies - Capital	20	45 631 826	42 236 783
Contributed Assets	21	3 323 716	-
Other Revenue		11 977 200	14 126 741
Availability Charges	22	2 729 152	2 505 639
Insurance Refund		33 754	67 793
Fines, Penalties and Forfeits	23	9 181 345	11 553 309
Actuarial Gains	24	32 949	-
REVENUE FROM EXCHANGE TRANSACTIONS		185 200 429	164 153 449
Operating Activities		185 200 429	164 153 449
Service Charges	25	169 584 139	149 056 314
Rental of Facilities and Equipment	26	3 353 370	2 332 616
Interest Earned - external investments	27	749 712	748 598
Interest Earned - outstanding debtors		4 288 314	5 732 914
Agency Services	28	3 671 714	3 719 929
Other Income	29	2 909 674	2 488 906
Gain on disposal of Non-Monetary Assets	41	643 507	74 173
TOTAL REVENUE		372 842 140	346 305 292
EXPENDITURE			
Employee Related Costs	30	133 027 571	122 466 737
Remuneration of Councillors	31	5 000 104	5 571 991
Debt Impairment	32	26 777 123	34 767 004
Depreciation and Amortisation	33	25 347 263	21 752 510
Impairment	34	1 503 145	1 934 832
Finance Charges	35	12 206 355	11 585 070
Bulk Purchases	36	94 693 660	82 528 580
Contracted Services	37	32 970 953	17 281 696
Transfers and Grants	38	243 742	489 056
Other Expenditure	39	30 502 519	26 281 784
Actuarial Losses	40	865 011	1 945 998
TOTAL EXPENDITURE		363 137 446	326 605 255
NET SURPLUS FOR THE YEAR		9 704 694	19 700 037



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

KA 14 December 2022

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2022

	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2020	554 370 713	554 370 713
Correction of error restatement - note 42.4	(8 052 610)	(8 052 610)
Balance on 30 June 2020 - Restated	546 318 103	546 318 103
Net Surplus for the year	19 700 038	19 700 038
Balance on 30 June 2021 - Restated	566 018 141	566 018 141
Net Surplus for the year	9 704 692	9 704 692
Balance on 30 June 2022	575 722 833	575 722 833

CEDERBERG LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

	Notes	2022 R (Actual)	2021 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		47 817 985	45 968 054
Service Charges and Interest		157 195 927	136 234 055
Other Revenue and Receipts		9 936 605	12 576 839
Government Grants		125 240 843	93 477 794
Investment Interest		709 831	708 122
Payments			
Suppliers and employees		(288 097 071)	(235 294 320)
Finance charges		(4 758 298)	(5 422 493)
Transfers and Grants		(243 742)	(489 056)
NET CASH FROM OPERATING ACTIVITIES	43	47 802 080	47 758 995
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Property, Plant and Equipment		4 487 200	350 757
Payments			
Purchase of Property, Plant and Equipment		(44 909 904)	(50 327 272)
NET CASH USED INVESTING ACTIVITIES		(40 422 704)	(49 976 516)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments			
Loans repaid		(5 314 123)	(4 717 482)
NET CASH USED FINANCING ACTIVITIES		(5 314 123)	(4 717 482)
NET INCREASE/(DECREASE) IN CASH HELD		2 065 253	(6 935 003)
Cash and Cash Equivalents at the beginning of the year		9 749 887	16 684 890
Cash and Cash Equivalents at the end of the year		11 815 140	9 749 887

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Cash	2 747 875	(2 462 864)	285 011	3 258 351	2 973 340
Call investment deposits	-	-	-	8 556 790	8 556 790
Consumer debtors	31 458 347	(5 023 350)	26 434 997	38 827 316	12 392 318
Other Receivables	7 539 998	659 551	8 199 549	11 157 601	2 958 051
Inventory	1 387 542	18 473	1 406 014	1 454 402	48 388
Total current assets	43 133 762	(6 808 191)	36 325 572	63 254 459	26 928 887
Non current assets					
Investment property	77 035 263	(29 415)	77 005 848	74 397 571	(2 608 277)
Property, plant and equipment	670 284 762	27 744 844	698 029 606	658 928 369	(39 101 237)
Intangible Assets	1 015 448	26 911	1 042 359	1 043 993	1 634
Total non current assets	748 335 473	27 742 340	776 077 813	734 369 933	(41 707 881)
TOTAL ASSETS	791 469 235	20 934 150	812 403 385	797 624 391	(14 778 994)
LIABILITIES					
Current liabilities					
Borrowing	4 074 297	-	4 074 297	3 725 600	(348 697)
Consumer deposits	2 363 091	164 646	2 527 738	2 539 335	11 597
Trade and other payables	96 133 996	15 570 857	111 704 854	115 589 176	3 884 322
Provisions and Employee Benefits	14 858 054	(1 200 155)	13 657 899	13 828 494	170 595
Total current liabilities	117 429 438	14 535 349	131 964 787	135 682 605	3 717 817
Non current liabilities					
Borrowing	18 861 910	(4 834 227)	14 027 683	4 385 173	(9 642 510)
Provisions and Employee Benefits	73 071 030	12 450 483	85 521 512	81 833 780	(3 687 732)
Total non current liabilities	91 932 940	7 616 256	99 549 195	86 218 953	(13 330 242)
TOTAL LIABILITIES	209 362 378	22 151 605	231 513 983	221 901 558	(9 612 424)
NET ASSETS	582 106 858	(1 217 455)	580 889 403	575 722 833	(5 166 569)
COMMUNITY WEALTH					
Accumulated Surplus	582 106 858	(1 217 455)	580 889 403	575 722 833	(5 166 569)
TOTAL COMMUNITY WEALTH/EQUITY	582 106 858	(1 217 455)	580 889 403	575 722 833	(5 166 569)

Refer to note 45.2 for explanations of material variances.

Material variances are considered to be any variances greater than R3.5 million.

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	ORIGINAL APPROVED BUDGET R	ADJUSTMENTS R	FINAL APPROVED BUDGET R	VIREMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL PERFORMANCE							
REVENUE							
Property Rates	51 274 481	(1 934 031)	49 340 450	-	49 340 450	52 403 952	3 063 502
Service Charges - Electricity Revenue	116 428 232	1 119 768	117 548 000	-	117 548 000	116 301 605	(1 246 395)
Service Charges - Water Revenue	31 027 254	(188 254)	30 839 000	-	30 839 000	31 228 285	389 285
Service Charges - Sanitation Revenue	10 030 434	1 988 566	12 019 000	-	12 019 000	12 004 032	(14 968)
Service Charges - Refuse Revenue	11 777 157	899 843	12 677 000	-	12 677 000	12 779 368	102 368
Rental of Facilities and Equipment	364 283	568 663	932 946	-	932 946	829 314	(103 632)
Interest Earned - External Investments	486 482	100 000	586 482	-	586 482	749 712	163 230
Interest Earned - Outstanding Debtors	6 041 331	(1 367 331)	4 674 000	-	4 674 000	4 288 314	(385 686)
Fines	14 771 585	(7 070 711)	7 700 874	-	7 700 874	9 181 345	1 480 471
Licences and Permits	2 544	456	3 000	-	3 000	2 650	(350)
Agency Services	3 954 200	(35 360)	3 918 840	-	3 918 840	3 671 714	(247 126)
Transfers Recognised - Operational	89 873 043	9 993 413	99 866 456	-	99 866 456	96 033 376	(3 833 080)
Other Revenue	10 059 867	(2 878 760)	7 181 107	-	7 181 107	5 351 801	(1 829 306)
Gains	-	2 000 000	2 000 000	-	2 000 000	676 456	(1 323 544)
Total Revenue (excluding capital transfers)	346 090 893	3 196 262	349 287 155	-	349 287 155	345 501 924	(3 785 231)
EXPENDITURE							
Employee Related Costs	125 299 810	9 740 873	135 040 683	-	135 040 683	132 380 151	(2 660 532)
Remuneration of Councillors	5 591 000	(417 790)	5 173 210	-	5 173 210	5 000 104	(173 106)
Debt Impairment	29 577 000	2 369 000	31 946 000	-	31 946 000	26 777 123	(5 168 877)
Depreciation and Asset Impairment	21 246 200	5 710 800	26 957 000	-	26 957 000	26 850 408	(106 592)
Finance Charges	10 917 371	839 650	11 757 021	1 548	11 758 569	12 206 355	447 786
Bulk purchases - electricity	100 857 000	(6 305 000)	94 552 000	-	94 552 000	93 891 074	(660 926)
Inventory consumed	7 188 305	1 599 805	8 788 110	207 815	8 995 925	8 332 131	(663 794)
Contracted Services	40 414 465	21 408 765	61 823 230	(357 767)	61 465 463	54 699 312	(6 766 151)
Transfers and Grants	883 826	(250 525)	633 301	(18 000)	615 301	243 742	(371 559)
Other Expenditure	21 761 155	4 781 720	26 542 875	166 404	26 709 279	23 620 394	(3 088 885)
Losses	-	2 000 000	2 000 000	-	2 000 000	865 012	(1 134 988)
Total Expenditure	363 736 132	41 477 298	405 213 430	-	405 213 430	384 865 806	(20 347 624)
Surplus/(Deficit)	(17 645 239)	(38 281 036)	(55 926 275)	-	(55 926 275)	(39 363 882)	16 562 393
Transfers and subsidies - capital (monetary) - Government	32 291 956	26 249 783	58 541 739	-	58 541 739	45 631 826	(12 909 913)
Transfers and subsidies - capital (monetary) - Other	200 340	(11 840)	188 500	-	188 500	113 033	(75 467)
Transfers and subsidies - capital (in-kind)	-	2 849 050	2 849 050	-	2 849 050	3 323 716	474 666
Surplus/(Deficit) for the year	14 847 057	(9 194 043)	5 653 014	-	5 653 014	9 704 693	4 051 679

Refer to note 45.1 for the reconciliation performed of actuals to be on a comparable basis to the budget.

Refer to note 45.3 for explanations of material variances.

Material variances are considered to be any variances greater than R3.5 million.

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
CASH FLOW STATEMENT					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates, penalties & collection charges	47 216 637	(347 072)	46 869 565	47 817 985	948 419
Service charges	155 956 060	4 627 428	160 583 488	157 163 958	(3 419 530)
Other revenue	18 073 479	(4 969 712)	13 103 767	14 202 433	1 098 666
Government Grants	122 164 999	35 161 234	157 326 233	146 969 201	(10 357 032)
Interest	3 268 862	(2 420 605)	848 257	709 831	(138 427)
Payments					
Suppliers and Employees	(299 214 785)	(15 424 373)	(314 639 158)	(309 825 430)	4 813 728
Finance Charges	(3 970 371)	(195 650)	(4 166 021)	(4 758 298)	(592 277)
Transfers and Grants	(883 826)	250 525	(633 301)	(243 742)	389 559
Net Cash from/(used) Operating Activities	42 611 056	16 681 775	59 292 831	52 035 939	(7 256 892)
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	200 340	(11 840)	188 500	-	(188 500)
Decrease (increase) in non-current receivables	-	31 969	31 969	31 969	-
Payments					
Capital Assets	(51 261 562)	(23 547 297)	(74 808 859)	(44 909 904)	29 898 955
Net Cash from/(used) Investing Activities	(51 061 222)	(23 527 169)	(74 588 391)	(44 877 935)	29 710 455
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Borrowing long term/refinancing	15 634 365	(4 834 365)	10 800 000	-	(10 800 000)
Increase/(Decrease) in Consumer Deposits	53 011	156 764	209 775	221 372	11 597
Payments					
Repayment of Borrowing	(5 179 091)	-	(5 179 091)	(5 314 123)	(135 031)
Net Cash from/(used) Financing Activities	10 508 285	(4 677 601)	5 830 683	(5 092 751)	(10 923 434)
NET INCREASE/(DECREASE) IN CASH HELD	2 058 118	(11 522 994)	(9 464 876)	2 065 253	11 530 130
Cash and Cash Equivalents at the year begin	689 757	9 060 130	9 749 887	9 749 887	-
Cash and Cash Equivalents at the year end	2 747 875	(2 462 864)	285 011	11 815 140	11 530 129

Refer to note 45.4 for explanations of material variances.

Material variances are considered to be any variances greater than R3.5 million.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

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 60 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 2022

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

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 following pronouncements to the Standards of GRAP which were issued but not yet effective:

Pronouncement	Effective Date
Improvements to the Standards of GRAP (2020)	1 April 2023
Amendments to GRAP 1 on Presentation of Financial Statements (2019)	1 April 2023
iGRAP 21 on The Effect of Past Decisions on Materiality	1 April 2023

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

The Municipality further resolved not to early adopt the following Standard of GRAP which was issued but is not yet effective:

1.08.1.1 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 significant.

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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 for application, 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 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.

1.08.2.2 GRAP 103 (Revised 2022) - Heritage Assets

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

Preliminary investigations indicate that this revised Standard may have a significant impact with regards to heritage assets which have a dual purpose. Even though some heritage assets can have cultural significance while being used in delivering services, the revised Standard will now require that all heritage assets be accounted for using GRAP 103. A consequence of this amendment is that a heritage asset will no longer be depreciated. Instead, a heritage asset should be tested for impairment when an impairment indicator has been triggered.

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.

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.

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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.

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.



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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.

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		

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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.

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 |



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.

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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.

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.

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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.

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.



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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.

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.

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.

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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.

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.

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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.

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.

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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.

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.

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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.

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.

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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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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

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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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 *Availability Charges*

Availability charges are based on the approved tariffs of the Municipality. These charges are levied where the Municipality has installed the relevant infrastructure networks (relating to water, electricity and sewerage) in the area where the consumer resides, but the consumer has not requested to be and is not connected to the networks.

1.25.1.4 *Fines*

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

1.25.1.5 *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.

1.25.1.6 *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.

1.25.1.7 *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.

1.25.1.8 *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.

1.25.1.9 *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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

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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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.

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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.

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.

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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).

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 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.

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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.

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.

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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.

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.

CEDERBERG LOCAL MUNICIPALITY

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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.

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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

<i>Figures in Rand</i>	2022	2021
2 CASH AND CASH EQUIVALENTS		
Bank Accounts	3 252 125	5 311 494
Call Investment Deposits	8 556 790	4 432 167
Cash Floats	6 226	6 226
Total	11 815 140	9 749 887
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	836 322	1 076 642
Unspent Conditional Government Grants - note 15	6 385 961	1 081 961
VAT Payable - note 48.3	646 605	2 323 611
Performance Guarantee - note 14	-	325 502
Total	7 868 888	4 807 715
Grant funding utilised for own working capital requirements	-	-
Overdraft facilities available during the financial year with the following banking institutions:		
ABSA Bank	-	6 000 000
Standard Bank	9 000 000	6 000 000
Total	9 000 000	12 000 000
Guarantee in favour of Eskom registered with Standard Bank	2 900 000	2 900 000
Bank Accounts		
Standard Bank - Account number 082163324 (Main Current Account)	2 860 039	4 992 037
Standard Bank - Account number 072194480 (Traffic Account)	-	-
Standard Bank - Account number 072194774 (Service Account)	-	-
Standard Bank - Account number 032630263 (Current Account for debit orders)	392 016	319 377
Standard Bank - Account number 032630263 (Credit Card for Petty Cash)	70	80
ABSA - Account number 40-5357-8397 (Current Account)	-	-
Total	3 252 125	5 311 494
Bank accounts consists out of the following accounts:		
Standard Bank - Account number 082163324 (Main Current Account)		
Cash book balance at beginning of year	4 992 037	1 235 154
Cash book balance at end of year	2 860 039	4 992 037
Bank statement balance at beginning of year	4 779 214	838 332
Bank statement balance at end of year	2 423 268	4 779 214
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	-	-
Bank statement balance at beginning of year	-	5 127 184
Bank statement balance at end of year	-	-

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

Figures in Rand	2022	2021
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2 CASH AND CASH EQUIVALENTS (CONTINUED)

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

Cash book balance at beginning of year	319 377	203 916
Cash book balance at end of year	392 016	319 377
Bank statement balance at beginning of year	319 377	203 916
Bank statement balance at end of year	392 016	319 377

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

Cash book balance at beginning of year	80	-
Cash book balance at end of year	70	80
Bank statement balance at beginning of year	80	-
Bank statement balance at end of year	70	80

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

Cash book balance at beginning of year	-	2 346 970
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	1 866 086
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	8 556 790	4 106 665
Standard Bank - Acc no 088893065-002	-	325 502
Total	8 556 790	4 432 167

A performance guarantee paid by a contractor amounting to R325 502 is included in the Call Investment Deposits.

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

Electricity	23 069 730	21 443 593
Water	28 074 195	34 610 797
Refuse	9 143 362	11 778 829
Sewerage	13 905 193	15 846 665
Interest	9 421 812	9 601 234
Other	780 782	834 491

Total Gross Balance

84 395 073	94 115 610
-------------------	-------------------

Less: Allowance for Debt Impairment

(57 665 699)	(69 261 971)
--------------	--------------

Total Net Receivable

26 729 374	24 853 639
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As previously reported

25 277 285

Correction of error restatement - note 42.1

(423 647)

Restated balance

24 853 639

Other Service Receivables consist out of sundry services and rentals.

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 +1% is levied on late payments.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

<i>Figures in Rand</i>	2022	2021
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Reconciliation of Allowance for Debt Impairment		
Balance at the beginning of the year	69 261 971	69 993 351
Movement in the contribution to the provision	15 986 207	21 091 711
Electricity	3 125 921	3 450 117
Water	6 634 926	8 415 916
Refuse	2 024 706	1 913 070
Sewerage	2 509 767	1 896 092
Interest	1 775 977	5 357 584
Other	(85 091)	58 932
Bad Debts Written off	(27 582 479)	(21 823 091)
Electricity	(3 255 192)	(910 174)
Water	(13 340 091)	(10 706 057)
Refuse	(4 672 236)	(3 958 802)
Sewerage	(4 718 965)	(2 889 748)
Interest	(1 548 202)	(3 451 377)
Other	(47 793)	93 067
Balance at the end of the year	57 665 699	69 261 971

The allowance for impairment of receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. 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 2022			
Service Receivables			
Electricity	23 069 730	(8 080 163)	14 989 567
Water	28 074 195	(21 118 962)	6 955 233
Refuse	9 143 362	(7 290 398)	1 852 964
Sewerage	13 905 193	(11 589 791)	2 315 402
Interest	9 421 812	(9 016 120)	405 691
Other	780 782	(570 264)	210 517
Total	84 395 073	(57 665 699)	26 729 374
30 June 2021			
Service Receivables			
Electricity	21 443 593	(8 209 434)	13 234 158
Water	34 610 797	(27 824 127)	6 786 670
Refuse	11 778 829	(9 937 928)	1 840 901
Sewerage	15 846 665	(13 798 988)	2 047 677
Interest	9 601 234	(8 788 345)	812 889
Other	834 491	(703 148)	131 343
Total	94 115 610	(69 261 971)	24 853 639



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CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

<i>Figures in Rand</i>	2022	2021
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Ageing of Receivables from Exchange Transactions		
Electricity		
0 - 30 Days (Current)	11 109 490	10 038 537
1 to 3 months	4 527 296	3 239 902
4 months to 1 year	2 768 154	3 649 591
Over 1 year	4 664 792	4 515 563
Total	23 069 731	21 443 593
Water		
0 - 30 Days (Current)	3 865 181	3 499 216
1 to 3 months	2 984 799	4 684 099
4 months to 1 year	5 320 892	8 952 178
Over 1 year	15 903 323	17 475 304
Total	28 074 194	34 610 797
Refuse		
0 - 30 Days (Current)	1 204 309	1 001 929
1 to 3 months	1 344 026	1 907 570
4 months to 1 year	2 443 767	4 035 809
Over 1 year	4 151 260	4 833 521
Total	9 143 362	11 778 829
Sewerage		
0 - 30 Days (Current)	1 104 930	819 393
1 to 3 months	1 719 179	1 621 912
4 months to 1 year	3 205 055	3 434 040
Over 1 year	7 876 028	9 971 320
Total	13 905 193	15 846 665
Interest		
0 - 30 Days (Current)	385 612	385 602
1 to 3 months	1 045 656	1 235 251
4 months to 1 year	2 158 616	3 386 924
Over 1 year	5 831 928	4 593 457
Total	9 421 812	9 601 234
Other		
0 - 30 Days (Current)	100 392	73 416
1 to 3 months	84 393	92 414
4 months to 1 year	77 435	200 564
Over 1 year	518 561	468 097
Total	780 781	834 491
Summary Ageing of all Receivables from Exchange Transactions		
0 - 30 Days (Current)	17 769 913	15 818 094
1 to 3 months	11 705 350	12 781 148
4 months to 1 year	15 973 918	23 659 106
Over 1 year	38 945 892	41 857 262
Total	84 395 072	94 115 609



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

<i>Figures in Rand</i>	2022	2021
4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Service Receivables	42 504 325	40 965 763
Property Rates	35 659 886	34 408 784
Availability Charges	6 844 439	6 556 979
Other Receivables	13 382 186	21 080 417
Unpaid Traffic Fines	10 061 922	18 189 542
Other Receivables	876 213	1 537 202
Deposits	2 444 051	1 353 673
Total Gross Balance	55 886 511	62 046 180
Less: Allowance for Debt Impairment	(40 921 114)	(50 661 817)
Total Net Receivable	14 965 398	11 384 363
As previously reported		10 821 063
Correction of error restatement - note 42.1		563 300
Restated balance		11 384 363

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 +1% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	50 661 817	66 182 577
Movement in the contribution to the provision	9 381 242	13 477 238
Property Rates	101 423	3 653 829
Availability Charges	389 457	1 011 239
Traffic Fines	7 976 024	8 812 170
Other Receivables	914 338	-
Bad Debts Written off	(19 121 945)	(28 997 999)
Property Rates	(3 334 865)	(649 517)
Availability Charges	(203 657)	(69 659)
Traffic Fines	(15 355 194)	(28 278 823)
Other Receivables	(228 230)	-
Balance at the end of the year	40 921 114	50 661 817

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. 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.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

Figures in Rand		2022	2021
4	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)		
		Gross Balance	Allowance for
		R	Debt Impairment
			R
			Net Receivable
			R
	30 June 2022		
	Service Receivables		
	Property Rates	35 659 886	(24 087 250)
	Availability Charges	6 844 439	(6 319 133)
	Other Receivables		
	Unpaid Traffic Fines	10 061 922	(9 828 622)
	Other Receivables	876 213	(686 108)
	Deposits	2 444 051	-
	Total	55 886 511	(40 921 114)
	30 June 2021		
	Service Receivables		
	Property Rates	34 408 784	(27 320 693)
	Availability Charges	6 556 979	(6 133 332)
	Other Receivables		
	Unpaid Traffic Fines	18 189 542	(17 207 792)
	Other Receivables	1 537 202	-
	Deposits	1 353 673	-
	Total	62 046 180	(50 661 817)
	Ageing of Receivables from Non-Exchange Transactions		
	Property Rates		
	0 - 30 Days (Current)		6 614 825
	1 to 3 months		4 365 770
	4 months to 1 year		5 880 628
	Over 1 year		18 798 662
	Total		35 659 886
	Availability Charges		
	0 - 30 Days (Current)		240 858
	1 to 3 months		464 101
	4 months to 1 year		917 104
	Over 1 year		5 222 377
	Total		6 844 439
5	TAXES		
	VAT Claimable/(Payable)	(935 829)	(2 356 174)
	VAT Input in Suspense	11 822 384	9 169 235
	VAT Output in Suspense - net	(2 596 632)	(2 351 438)
	VAT Output in Suspense	(9 547 481)	(10 711 961)
	Less: VAT on Allowance for Debt Impairment	6 950 849	8 360 523
	Total	8 289 923	4 461 622
	Reconciliation of VAT on Allowance for Debt Impairment		
	Balance at beginning of year	8 360 523	8 558 578
	Debt Impairment for current year	(1 409 674)	(198 055)
	Balance at the end of the year	6 950 849	8 360 523



CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

<i>Figures in Rand</i>	2022	2021
6 OPERATING LEASES		
6.1 OPERATING LEASE ASSETS		
Operating Lease Asset	<u>222</u>	<u>4 956</u>
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	4 956	5 429
Movement during the year	(4 733)	(473)
Balance at the end of the year	<u>222</u>	<u>4 956</u>
The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.		
Within 1 Year	3 930	96 422
Between 1 and 5 Years	2 022	5 953
After 5 Years	-	-
Total operating lease payments	<u>5 953</u>	<u>102 375</u>
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	<u>4 758</u>	<u>7 570</u>
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	7 570	14 121
Movement during the year	(2 812)	(6 551)
Balance at the end of the year	<u>4 758</u>	<u>7 570</u>
The Municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.		
Within 1 Year	33 606	726 709
Between 1 and 5 Years	8 785	42 390
After 5 Years	-	-
Total operating lease payments	<u>42 390</u>	<u>769 099</u>
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.		

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

<i>Figures in Rand</i>	2022	2021
7 LONG-TERM RECEIVABLES		
Receivables with repayment arrangements	-	31 969
Less: Current portion of Long-term Receivables	-	(31 969)
Total	-	-
Debtors amounting to Rnil (2021 - 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	1 380 943	1 215 280
Water – at cost	73 459	62 081
Total	1 454 402	1 277 361
As previously reported		1 406 014
Correction of error restatement - note 42.2		(128 653)
Restated balance		1 277 361
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		
Maintenance Materials	2 278 827	2 195 825
Water - by nature of expense	10 442 450	8 762 550
Bulk Purchases	802 586	742 549
Contracted Services	175 691	250 431
Depreciation and Amortisation	1 563 732	1 601 799
Employee Related Costs	3 570 568	3 088 267
Internal Charges	4 080 043	2 800 752
Other Expenditure	249 830	278 752
Total	12 721 276	10 958 375
9 INVESTMENT PROPERTY		
Investment Property - Carrying Value	74 397 571	77 313 099
As previously reported		77 058 849
Correction of error restatement - note 42.3		254 250
Restated balance		77 313 099
The carrying value of Investment Property is reconciled as follows:		
Opening Carrying Value	77 313 099	77 398 714
Cost	77 992 085	78 025 450
Accumulated Depreciation	(678 986)	(626 736)
Accumulated Impairment	-	-
Depreciation for the year	(52 250)	(52 250)
Disposals	(2 863 278)	(33 365)
Closing Carrying Value	74 397 571	77 313 099
Cost	75 128 807	77 992 085
Accumulated Depreciation	(731 236)	(678 986)
Accumulated Impairment	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

Figures in Rand	2022	2021
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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 2021/22 and 2020/21 financial year.

Cost of land included in asset register of which the Municipality is not the legal owner (iGRAP 18)	2 023 600	2 023 600
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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 2022				
Land and Buildings	22 446 748	(1 487 436)	-	20 959 312
Infrastructure	863 230 223	(314 701 186)	(10 924 655)	537 604 383
Leased Assets	7 702 495	(1 912 371)	-	5 790 124
Community Assets	80 554 251	(6 609 862)	-	73 944 389
Other Assets	33 490 347	(19 160 688)	-	14 329 659
Capitalised Restoration Cost	19 396 951	(12 370 384)	(726 064)	6 300 503
Total	1 026 821 016	(356 241 927)	(11 650 719)	658 928 369
30 June 2021				
Land and Buildings	22 514 858	(1 362 209)	-	21 152 650
Infrastructure	819 180 410	(295 193 658)	(9 539 724)	514 447 028
Leased Assets	7 966 690	(2 074 688)	-	5 892 002
Community Assets	77 380 240	(5 915 437)	-	71 464 803
Other Assets	29 813 980	(17 493 038)	-	12 320 942
Capitalised Restoration Cost	23 069 258	(10 816 554)	(607 849)	11 644 854
Total	979 925 436	(332 855 584)	(10 147 573)	636 922 279
As previously reported				647 063 696
Correction of error restatement - note 42.3				(10 141 417)
Restated balance				636 922 279

10.1 Repairs and maintenance incurred on Property, Plant and Equipment	8 844 262	6 350 128
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10.2 Cost of land included in asset register of which the Municipality is not the legal owner (iGRAP 18)	408 700	408 700
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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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

<i>Figures in Rand</i>	2022	2021
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	5 790 124	5 892 002
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:		
	2022	2023
Increase / (Decrease) in Depreciation and Amortisation	(544 416)	544 416
Increase / (Decrease) in Accumulated Surplus	544 416	(544 416)
Increase / (Decrease) in Property, Plant and Equipment	544 416	(544 416)
10.6 Work in Progress projects taking a significant longer period to complete		
- <i>Lamberts Bay Desalination Plant</i>	76 588 236	58 788 544
Funding for this project was made available with the DoRA for 2021/22. Project recommenced September 2021. Estimated duration of the project was 6 months with projected completion date at 31 March 2022. Due to geo-technical complications the project has been delayed. Current estimated completion date is end of October 2022.		
- <i>Clanwilliam Water Treatment Works</i>	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 R 32 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.		
- <i>Upgrade sidewalks and build new sidewalks in Denne Street</i>	119 281	119 281
This project is about 70% completed and will be completed once internal funding becomes available.		
- <i>Construction of sewerage pump stations</i>	7 245 604	7 245 604
The project is in the final phase of implementation. This phase is comprised of a an irrigation pump station and conveyers infrastructure to transfer the treated effluent from the newly constructed WWTW to the golf course.		
- <i>Elands Bay economic corridor</i>	-	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. This project has been completed during the current year.		
- <i>Upgrading of sport fields - Lamberts Bay</i>	95 641	95 641
Project will be completed once internal funds become available.		

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

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	2022	2021
10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
- <i>Upgrading of sport fields - Clanwilliam</i>	9 693 439	7 958 725
Funding has been made available in the 2021/22 financial year for remaining upgrades. Miscellaneous items to be completed in the 2022/23 financial year. Roll over application to be submitted by end of August 2022.		
- <i>Lambertsbay Borehole Development</i>	-	448 150
This project has been abandoned due to litigation issues of which the court ruling was not in the favour of the Municipality.		
Total	97 763 519	79 801 425
The accumulated impairment recognised on the above-mentioned Work in Progress are as follow:		
- <i>Lamberts Bay Desalination Plant</i>	10 924 655	9 539 724
Total	10 924 655	9 539 724

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.7 Reconciliation of Carrying Value

30 June 2022	Cost					Accumulated Depreciation and Impairment					Carrying Value	
	Opening Balance	Additions	Disposals and Write-offs	Contributed Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals and Write-offs		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	22 514 858	-	(68 110)	-	-	22 446 748	1 362 209	134 077	-	(8 849)	1 487 436	20 959 312
Land	9 398 084	-	-	-	-	9 398 084	-	-	-	-	-	9 398 084
Buildings	13 116 774	-	(68 110)	-	-	13 048 664	1 362 209	134 077	-	(8 849)	1 487 436	11 561 228
Infrastructure	819 180 410	45 143 775	(1 093 962)	-	-	863 230 223	304 733 382	20 042 766	1 384 931	(535 238)	325 625 841	537 604 383
Electrical	166 006 739	209 694	-	-	-	166 216 433	90 822 366	3 999 880	-	-	94 822 246	71 394 187
Roads	172 068 627	-	-	-	-	172 068 627	76 537 592	5 193 316	-	-	81 730 908	90 337 719
Sanitation	191 007 143	50 664	(430 260)	-	-	190 627 546	44 589 101	5 671 400	-	(396 349)	49 864 152	140 763 394
Storm Water	27 747 507	-	-	-	-	27 747 507	6 703 695	549 585	-	-	7 253 280	20 494 227
Water Supply	172 309 244	1 335 617	(215 551)	-	500 388	173 929 698	76 540 904	4 628 584	-	(138 888)	81 030 599	92 899 099
Work in progress	90 041 151	43 547 799	(448 150)	-	(500 388)	132 640 412	9 539 724	-	1 384 931	-	10 924 655	121 715 757
Leased Assets	7 966 690	943 824	(1 208 018)	-	-	7 702 495	2 074 688	736 342	-	(898 658)	1 912 371	5 790 124
Furniture and Office Equipment	3 791 849	943 824	(1 208 018)	-	-	3 527 655	1 201 139	503 439	-	(898 658)	805 920	2 721 734
Transport Assets	4 174 840	-	-	-	-	4 174 840	873 549	232 902	-	-	1 106 451	3 068 389
Community Assets	77 380 240	3 174 011	-	-	-	80 554 251	5 915 437	694 425	-	-	6 609 862	73 944 389
Community Facilities	16 830 663	-	-	-	-	16 830 663	1 202 199	139 909	-	-	1 342 108	15 488 555
Sport and Recreational Facilities	51 359 848	-	-	-	1 135 364	52 495 212	4 713 237	554 516	-	-	5 267 753	47 227 459
Work in progress	9 189 729	3 174 011	-	-	(1 135 364)	11 228 376	-	-	-	-	-	11 228 376
Other Assets	29 813 980	661 279	(308 627)	3 323 716	-	33 490 347	17 493 038	1 923 345	-	(255 695)	19 160 688	14 329 659
Computer Equipment	3 004 459	201 282	(92 815)	-	-	3 112 927	1 869 041	240 301	-	(71 284)	2 038 058	1 074 869
Furniture and Office Equipment	7 016 163	142 398	(119 901)	-	-	7 038 660	4 395 196	465 465	-	(107 476)	4 753 186	2 285 474
Machinery and Equipment	10 266 072	317 598	(91 786)	-	-	10 491 884	6 179 186	746 329	-	(72 811)	6 852 704	3 639 180
Transport Assets	9 527 286	-	(4 125)	3 323 716	-	12 846 877	5 049 615	471 250	-	(4 124)	5 516 741	7 330 136
Capitalised Restoration Cost	23 069 258	101 050	(3 773 357)	-	-	19 396 951	11 424 404	1 553 830	118 214	-	13 096 448	6 300 503
Landfill Site Rehabilitation	23 069 258	101 050	(3 773 357)	-	-	19 396 951	11 424 404	1 553 830	118 214	-	13 096 448	6 300 503
	979 925 436	50 023 938	(6 452 074)	3 323 716	-	1 026 821 016	343 003 157	25 084 784	1 503 145	(1 698 440)	367 892 646	658 928 369



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CEDERBERG LOCAL MUNICIPALITY

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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 and Write-offs	Contributed Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals and Write-offs		Closing Balance
	R	R	R	R	R	R	R	R	R	R		R
Land and Buildings	22 368 044	110 352	-	-	36 463	22 514 858	1 228 405	133 804	-	-	1 362 209	21 152 650
Land	9 368 195	29 889	-	-	-	9 398 084	-	-	-	-	-	9 398 084
Buildings	12 999 848	56 940	-	-	59 986	13 116 774	1 228 405	133 804	-	-	1 362 209	11 754 565
Work in progress	-	23 522	-	-	(23 522)	-	-	-	-	-	-	-
Infrastructure	776 860 789	42 356 085	-	-	(36 463)	819 180 410	285 659 545	17 688 906	1 384 931	-	304 733 382	514 447 028
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	42 129 496	-	-	(131 534 102)	90 041 151	8 154 793	-	1 384 931	-	9 539 724	80 501 427
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	75 785 262	1 594 978	-	-	-	77 380 240	5 243 196	672 241	-	-	5 915 437	71 464 803
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	51 359 848	-	-	-	-	51 359 848	4 180 701	532 536	-	-	4 713 237	46 646 611
Work in progress	7 630 557	1 559 172	-	-	-	9 189 729	-	-	-	-	-	9 189 729
Other Assets	29 578 276	389 804	(154 101)	-	-	29 813 980	15 609 394	1 976 599	-	(92 955)	17 493 038	12 320 942
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	7 056 775	13 245	(53 858)	-	-	7 016 163	3 917 996	502 926	-	(25 726)	4 395 196	2 620 967
Machinery and Equipment	10 131 525	189 012	(54 466)	-	-	10 266 072	5 444 147	767 133	-	(32 093)	6 179 186	4 086 886
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
	925 888 833	54 416 503	(379 899)	-	-	979 925 436	319 727 235	21 477 945	1 934 832	(136 855)	343 003 157	636 922 279

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

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	2022	2021
11 INTANGIBLE ASSETS		
Intangible Assets - Carrying Value	1 043 993	1 254 360

The carrying value of intangible Assets is reconciled as follows:

	2022	2021
Opening Carrying Value	1 254 360	1 476 849
Cost	2 356 546	2 357 851
Accumulated Amortisation	(1 102 187)	(881 002)
Accumulated Impairment	-	-
Additions	-	-
Amortisation	(210 229)	(222 315)
Disposal	(138)	(175)
Cost	(2 050)	(1 305)
Accumulated Amortisation	1 913	1 130
Closing Carrying Value	1 043 993	1 254 360
Cost	2 354 496	2 356 546
Accumulated Amortisation	(1 310 503)	(1 102 187)
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:

	2022	2023
Increase / (Decrease) in Depreciation and Amortisation	(11 998)	11 998
Increase / (Decrease) in Accumulated Surplus	11 998	(11 998)
Increase / (Decrease) in Intangible Assets	11 998	(11 998)

12 LONG-TERM LIABILITIES

Annuity Loans	7 138 925	10 089 070
Finance Lease Liabilities	971 848	2 392 001
Sub-Total	8 110 773	12 481 071
Less: Current portion of Long-term Liabilities	3 725 600	5 178 934
Annuity Loans	3 267 052	2 950 140
Finance Lease Liabilities	458 548	2 228 794
Total	4 385 173	7 302 137

Long-term Liabilities were utilised as follow:

Total Long-term Liabilities taken up	8 110 773	12 481 071
Used to finance Property, Plant and Equipment at cost	(8 110 773)	(12 481 071)
Unspent Borrowings	-	-

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act No. 56 of 2003.

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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	1 221 812	1 556 127
ABSA (038-723-0993)	10.43%	17 June 2025	2 072 429	2 631 936
ABSA (038-723-0994)	10.45%	17 Nov 2025	952 355	1 166 387
ABSA (038-723-0995)	11.33%	30 Jun 2026	1 077 177	1 278 702
Standard Bank (03-263-793-4)	10.36%	31 Mar 2023	1 815 152	3 455 919

Total

7 138 925 **10 089 070**

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	4 481 974	8 425 064

Total amount payable

8 425 064 **12 368 154**

Less: Outstanding Future Finance Charges

(1 286 139) (2 279 084)

Present value of annuity loans

7 138 925 **10 089 070**

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	
Samsung 057400 Pabx System	31 May 2022	-	1 156 006
Printers and Copiers	31 Dec 2024	808 641	-
Isuzu Kb 250C Fleetside Regular Cab	1 Jul 2022	4 874	60 075
Isuzu Kb 250C Fleetside Regular Cab	1 Jul 2022	4 874	60 075
Isuzu Kb 250C Fleetside Regular Cab	1 Jul 2022	4 874	60 075
Chevrolet Utility 1.4 + A/C (M18)	1 Jul 2022	3 649	44 967
Chevrolet Utility 1.4 + A/C (M18)	1 Jul 2022	3 649	44 967
Isuzu Kb 250C Fleetside Regular Cab	1 Jul 2022	4 938	60 861
Isuzu Kb 250C Fleetside Regular Cab	1 Aug 2022	9 755	64 744
Isuzu Kb 250C Fleetside Regular Cab	1 Aug 2022	17 215	114 259
Isuzu N Series NLR 150	1 Aug 2022	18 620	123 586
Isuzu Kb 250C Fleetside Regular Cab	1 Aug 2022	9 755	64 744
Isuzu N Series NLR 150	1 Aug 2022	18 620	123 586
Isuzu N Series NLR 150	1 Aug 2022	18 620	123 586
Isuzu N Series NLR 150	1 Aug 2022	18 620	123 586
Isuzu Kb 250C Fleetside Regular Cab	1 Aug 2022	9 755	64 744
Toyota Etios Sedan 1.5SD Sprint	1 Aug 2022	7 694	51 068
Toyota Etios Sedan 1.5SD Sprint	1 Aug 2022	7 694	51 068
Total		971 848	2 392 001

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	540 287	2 519 892
Payable within two to five years	562 500	165 287

Total amount payable

1 102 787 **2 685 179**

Less: Outstanding Future Finance Charges

(130 939) (293 178)

Present value of finance lease liabilities

971 848 **2 392 001**



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

<i>Figures in Rand</i>	2022	2021
13 CONSUMER DEPOSITS		
Water and Electricity Deposits	<u>2 539 335</u>	<u>2 317 963</u>
The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.		
14 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	99 117 333	79 919 733
Retentions	2 827 032	4 754 598
Payments received in advance	2 546 069	2 339 972
Pre-paid Electricity	738 586	658 693
Sundry Creditors	1 566 257	2 060 035
Sundry Deposits	97 254	403 754
Accrued Interest	93 110	145 628
Unknown Receipts	85 041	57 816
Land Sales Deposits	1 291 452	3 622 496
Department of Human Settlements	836 322	1 076 642
Total	<u>109 198 456</u>	<u>95 039 366</u>
As previously reported		95 697 284
Correction of error restatement - note 42.3		(657 917)
Restated balance		<u><u>95 039 366</u></u>
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 53.2 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
- Cash deposits as per note 4	2 444 051	1 353 673
Total	<u>5 344 051</u>	<u>4 253 673</u>
15 UNSPENT CONDITIONAL GOVERNMENT GRANTS		
National Government	5 702 805	225 812
Provincial Government	683 156	856 149
Total	<u>6 385 961</u>	<u>1 081 961</u>
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.		
16 CURRENT EMPLOYEE BENEFITS		
Bonuses	3 461 973	3 259 292
Staff Leave	7 650 260	7 809 929
Performance Bonuses	528 261	194 728
Current portion of Non-Current Employee Benefits - note 17	2 188 000	1 669 000
Post Retirement Medical Benefits	1 284 000	1 009 000
Long Service Awards	904 000	660 000
Total	<u>13 828 494</u>	<u>12 932 949</u>

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16 CURRENT EMPLOYEE BENEFITS (CONTINUED)

The movement in current employee benefits are reconciled as follows:

16.1 Bonuses

Opening Balance	3 259 292	3 088 242
Contribution during the year	6 386 947	6 001 564
Payments made	(6 184 265)	(5 830 514)
Balance at the end of the year	3 461 973	3 259 292

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	7 809 929	7 290 712
Contribution during the year	1 080 455	1 956 701
Payments made	(1 240 125)	(1 437 484)
Balance at the end of the year	7 650 260	7 809 929

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	194 728	-
Contribution during the year	333 533	194 728
Payments made	-	-
Balance at the end of the year	528 261	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	32 232 000	28 110 000
Long Service Awards	5 976 000	5 613 000
Sub-Total	38 208 000	33 723 000
Less: Current portion of Employee Benefits	2 188 000	1 669 000
Post Retirement Medical Benefits	1 284 000	1 009 000
Long Service Awards	904 000	660 000
Total	36 020 000	32 054 000

17.1 Post Retirement Medical Benefits

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

Opening Balance	28 110 000	23 618 000
Contribution during the year	4 380 000	3 578 000
Current Service Cost	1 549 000	1 118 000
Interest Cost	2 831 000	2 460 000
Payments made	(1 123 011)	(923 083)
Actuarial Loss/(Gain)	865 011	1 837 083
Total balance at year-end	32 232 000	28 110 000
Less: Current portion	(1 284 000)	(1 009 000)
Total	30 948 000	27 101 000



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17 EMPLOYEE BENEFITS (CONTINUED)

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

In-service members	142	134
In-service non-members	201	219
Continuation members	27	25
Total	370	378

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 2022	13 029 000	2 344 000	16 859 000	32 232 000
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

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 2022	562 000	-
30 June 2021	(257 000)	-
30 June 2020	(668 000)	-
30 June 2019	1 369 000	-
30 June 2018	485 000	-

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

Bonitas
LA Health
Hosmed
Samwumed
Keyhealth

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	11.82%	10.25%
Health Care Cost Inflation Rate	8.44%	6.85%
Net Effective Discount Rate	3.12%	3.18%

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

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 21 July 2022.

v) Actuarial Valuation Method

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



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17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (R)	Continuation members (R)	Total liability (R)	% change
Liability	15 373 000	16 859 000	32 232 000	
Health care inflation rate (+ 1%)	18 580 000	18 636 000	37 216 000	15%
Health care inflation rate (- 1%)	12 838 000	15 333 000	28 171 000	-13%
Discount rate (+ 1%)	12 925 000	15 388 000	28 313 000	-12%
Discount rate (- 1%)	18 503 000	18 595 000	37 098 000	15%
Post-employment mortality (+ 1 year)	14 953 000	16 341 000	31 294 000	-3%
Post-employment mortality (- 1 year)	15 789 000	17 376 000	33 165 000	3%
Average retirement age (- 1 year)	17 181 000	16 859 000	34 040 000	6%
Membership Continuation (- 10%)	13 436 000	16 859 000	30 295 000	-6%

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2022/23	2 154 000	3 736 000	5 890 000	
Health care inflation rate (+ 1%)	2 591 000	4 325 000	6 916 000	17%
Health care inflation rate (- 1%)	1 806 000	3 256 000	5 062 000	-14%
Discount rate (+ 1%)	1 835 000	3 550 000	5 385 000	-9%
Discount rate (- 1%)	2 558 000	3 946 000	6 504 000	10%
Post-employment mortality (+ 1 year)	2 096 000	3 625 000	5 721 000	-3%
Post-employment mortality (- 1 year)	2 211 000	3 846 000	6 057 000	3%
Average retirement age (- 1 year)	2 202 000	3 950 000	6 152 000	4%
Membership Continuation (- 10%)	1 883 000	3 507 000	5 390 000	-8%

17.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	5 613 000	5 188 000
Contribution during the year	1 029 000	877 000
Current Service Cost	525 000	495 000
Interest Cost	504 000	382 000
Payments made	(633 051)	(560 915)
Actuarial Loss/(Gain)	(32 949)	108 915
Total balance at year-end	5 976 000	5 613 000
Less: Current portion	(904 000)	(660 000)
Total	5 072 000	4 953 000

The Long Service Awards plans are defined benefit plans.

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

343

353

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

	Unfunded Liability R
30 June 2022	5 976 000
30 June 2021	5 613 000
30 June 2020	5 188 000
30 June 2019	4 662 853
30 June 2018	3 680 219

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



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CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

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	2022	2021
17 EMPLOYEE BENEFITS (CONTINUED)		
	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2022	52 051	-
30 June 2021	202 915	-
30 June 2020	362 667	-
30 June 2019	267 536	-
30 June 2018	201 190	-

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	11.25%	9.53%
General Salary Inflation (long-term)	7.42%	5.87%
Net Effective Discount Rate applied to salary-related Long Service Awards	3.56%	3.46%

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

ii) Last Valuation

The last valuation was performed on 21 July 2022.

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%)	5 976 000	6 371 000	7%
General earnings inflation rate (- 1%)	5 976 000	5 619 000	-6%
Discount rate (+ 1%)	5 976 000	5 610 000	-6%
Discount rate (- 1%)	5 976 000	6 387 000	7%
Average retirement age (+ 2 years)	5 976 000	6 754 000	13%
Average retirement age (- 2 years)	5 976 000	5 278 000	-12%
Withdrawal rates (x 2)	5 976 000	4 763 000	-20%
Withdrawal rates (x 0.5)	5 976 000	6 809 000	14%

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Current Service Cost (R)	Interest Cost (R)	Total(R)	% Change
Estimated for 2022/23	532 000	623 000	1 155 000	
General earnings inflation rate (+ 1%)	579 000	667 000	1 246 000	8%
General earnings inflation rate (- 1%)	489 000	582 000	1 071 000	-7%
Discount rate (+ 1%)	493 000	633 000	1 126 000	-3%
Discount rate (- 1%)	575 000	609 000	1 184 000	3%
Average retirement age (+ 2 years)	592 000	710 000	1 302 000	13%
Average retirement age (- 2 years)	470 000	544 000	1 014 000	-12%
Withdrawal rates (x 2)	378 000	486 000	864 000	-25%
Withdrawal rates (x 0.5)	647 000	716 000	1 363 000	18%

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<i>Figures in Rand</i>	2022	2021
17 EMPLOYEE BENEFITS (CONTINUED)		
17.3 Other Pension Benefits		
Defined Benefit Plans		
Council contributes to the following defined benefit plans:		
LA Retirement Fund (Former Cape Joint Pension Fund)	121 001	115 452
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund is in an sound financial position with a funding level of 102.0% (30 June 2020 - 100.0%).		
Consolidated Retirement Fund (Former Cape Retirement Fund)	12 375 473	10 000 415
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund is in a sound financial position with a funding level of 100.5% (30 June 2020 - 100.5%).		
Total	12 496 473	10 115 867
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.		
Defined Contribution Plans		
Council contributes to the following defined contribution plans:		
National Funds for Municipal Workers	741 542	775 378
SAMWU National Provident Fund	1 272 902	1 277 291
Total	2 014 444	2 052 669
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	45 813 780	45 320 512
The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:		
Opening Balance	45 320 512	31 966 753
Contribution during the year	493 268	13 353 760
Increase/(Decrease) in estimate	(3 672 307)	9 965 284
Interest Cost	4 165 575	3 388 476
Total	45 813 780	45 320 512

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

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18 NON-CURRENT PROVISIONS (CONTINUED)

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 8.82% and 11.00% depending on the estimated decommission date.

The total obligation at year-end can be attributed to the following sites:

Location	Discount Rate	Site Dimensions	Estimated Decommission Date	Cost of Rehabilitation	Cost of Rehabilitation
Clanwilliam	11.00%	23 616 m ²	2028	14 517 494	13 442 122
Lambert's Bay	11.00%	17 580 m ²	2029	11 982 713	11 261 877
Citrusdal	11.00%	26 505 m ²	2040	9 863 982	11 917 850
Graafwater	8.82%	3 000 m ²	2024	3 813 450	3 484 008
Elands Bay	8.82%	5 060 m ²	2024	5 636 141	5 214 656
Total				45 813 780	45 320 512

19 PROPERTY RATES

Rateable Land and Buildings	56 206 568	52 074 157
Less: Rebates	(3 802 616)	(3 919 000)
Total	52 403 952	48 155 157

Property rate levied are based on the following rateable valuations:

Residential	2 694 215 100	2 706 165 600
Business and Industrial	490 911 200	498 213 200
State-owned	182 742 000	183 452 000
Agricultural and Private Farm Towns	2 972 426 620	2 914 329 720
Total Valuation	6 340 294 920	6 302 160 520

Rate that is applicable to the valuations above:

Residential	1.456c/R	1.374c/R
Business and Industrial	1.882c/R	1.775c/R
State-owned	1.882c/R	1.775c/R
Agricultural and Private Farm Towns	0.363c/R	0.343c/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.

Properties used only for residential purposes are exempted from property rates in terms of the Municipality's policy as follow:

- Properties with a value of less than R100 000	85 000	35 000
- Properties with a value of more than R100 000	35 000	35 000

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

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	2022	2021
20 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants - National Government	55 044 000	60 766 597
Equitable Share	55 044 000	60 766 597
Conditional Grants - National Government	56 974 478	53 338 798
Municipal Infrastructure Grant (MIG)	12 634 176	15 899 000
Financial Management Grant (FMG)	2 023 000	2 011 000
Integrated National Electrification Programme (INEP)	17 000 000	17 000 000
Expanded Public Works Program (EPWP)	1 755 000	2 121 000
Water Service Infrastructure Grant (WSIG)	3 092 656	16 307 798
Municipal Disaster Relief Grant (COVID-19)	-	-
Regional Bulk Infrastructure Grant (RBIG)	20 469 645	-
Conditional Grants - Provincial Government	7 918 365	5 764 550
Library Services MRF	5 302 000	5 026 000
CDW Support	71 883	-
Municipal Drought Support Grant	-	-
Local Government Graduate Internship Grant	39 170	40 830
Financial Management Support Grant	1 259 377	198 950
Municipal Capacity Building Grant	95 797	350 383
Thusong Service Centre Grant	138 144	148 387
Public Employment Support Grant	1 010 061	-
Municipal Library Support Grant	1 934	-
Total	119 936 843	119 869 945
Disclosed as:		
Government Grants and Subsidies - Operating	74 305 017	77 633 162
Government Grants and Subsidies - Capital	45 631 826	42 236 783
Total	119 936 843	119 869 945
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	55 044 000	60 766 597
Vote 1 - Executive and Council	-	-
Vote 2 - Office of Municipal Manager	39 170	40 830
Vote 3 - Financial Administrative Services	3 282 377	2 209 950
Vote 4 - Community Development Services	7 197 078	7 550 039
Vote 5 - Corporate and Strategic Services	167 680	95 731
Vote 6 - Planning and Development Services	816 000	1 242 309
Vote 7 - Public Safety	-	-
Vote 8 - Electricity	17 000 000	17 000 000
Vote 9 - Waste Management	1 010 061	-
Vote 10 - Waste Water Management	5 695 633	21 428 676
Vote 11 - Water	24 137 748	8 161 070
Vote 12 - Housing	1 471 277	-
Vote 13 - Road Transport	3 075 820	-
Vote 14 - Sports and Recreation	1 000 000	1 374 744
Total	119 936 843	119 869 945
The movements per grant can be summarised as follows:		
20.01 Equitable Share		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	55 044 000	60 766 597
Transferred to Revenue - Operating	(55 044 000)	(60 766 597)
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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

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	2022	2021
20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
20.02 Municipal Infrastructure Grant (MIG)		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	16 320 000	15 899 000
Transferred to Revenue - Operating	(2 481 051)	(2 715 475)
Transferred to Revenue - Capital	(10 153 125)	(13 183 525)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	3 685 824	-
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)	2 023 000	2 011 000
Transferred to Revenue - Operating	(2 023 000)	(2 011 000)
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		
20.04 Integrated National Electrification Programme (INEP)		
Opening Unspent Balance	-	1 019
Grants Received / (Repaid)	17 000 000	16 998 981
Transferred to Revenue - Operating	(2 036 960)	(2 217 288)
Transferred to Revenue - Capital	(14 963 040)	(14 782 712)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-
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)	1 755 000	2 121 000
Transferred to Revenue - Operating	(1 755 000)	(2 121 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-
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	149 281	25 941 676
Grants Received / (Repaid)	4 450 719	(9 484 597)
Transferred to Revenue - Operating	(376 688)	(2 037 252)
Transferred to Revenue - Capital	(2 715 968)	(14 270 546)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	1 507 344	149 281
This grant is utilised for an array of water infrastructure which includes but is not limited to reservoirs, boreholes and oxidation ponds.		

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	2022	2021
20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
20.07 Municipal Disaster Relief Grant (COVID-19)		
Opening Unspent Balance	76 531	76 531
Grants Received / (Repaid)	(76 531)	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	<u>-</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 Regional Bulk Infrastructure Grant (RBIG)		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	20 979 282	-
Transferred to Revenue - Operating	(2 669 954)	-
Transferred to Revenue - Capital	(17 799 692)	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	<u>509 637</u>	<u>-</u>
This grant is used to develop new, refurbish, upgrade and replace ageing bulk water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries.		
20.09 Library Services MRF		
Opening Unspent Balance	4 568	4 568
Grants Received / (Repaid)	5 297 432	5 026 000
Transferred to Revenue - Operating	(5 302 000)	(5 026 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	<u>-</u>	<u>4 568</u>
The Library Services (Municipal Replacement Fund) Grant is used to pay the salaries of library staff.		
20.10 CDW Support		
Opening Unspent Balance	169 000	5 176
Grants Received / (Repaid)	(18 000)	163 824
Transferred to Revenue - Operating	(71 883)	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	<u>79 117</u>	<u>169 000</u>
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.		
20.11 Municipal Drought Support Grant		
Opening Unspent Balance	105 486	105 486
Grants Received / (Repaid)	(105 486)	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	<u>-</u>	<u>105 486</u>
This grant is utilised for the completion of the desalination plant in Lambert's Bay.		



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	2022	2021
20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
20.12 Local Government Graduate Internship Grant		
Opening Unspent Balance	39 170	156 859
Grants Received / (Repaid)	-	(76 859)
Transferred to Revenue - Operating	(39 170)	(40 830)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	<u>-</u>	<u>39 170</u>
This grant is used to provide financial assistance to municipalities in support of capacity building for the future by means of internship programme.		
20.13 Financial Management Support Grant		
Opening Unspent Balance	301 050	124 973
Grants Received / (Repaid)	958 327	375 027
Transferred to Revenue - Operating	(1 259 377)	(198 950)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	<u>-</u>	<u>301 050</u>
The Financial Management Grant is paid by Provincial Treasury to municipalities to help implement revenue enhancement.		
20.14 Municipal Capacity Building Grant		
Opening Unspent Balance	214 617	878 281
Grants Received / (Repaid)	180 358	(313 281)
Transferred to Revenue - Operating	(95 797)	(350 383)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	<u>299 178</u>	<u>214 617</u>
This grant is utilised as a capacity initiative for graduates to enter the workforce in local government.		
20.15 Thusong Service Centre Grant		
Opening Unspent Balance	22 258	179 543
Grants Received / (Repaid)	127 742	(8 898)
Transferred to Revenue - Operating	(138 144)	(148 387)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	<u>11 856</u>	<u>22 258</u>
This grant is used to provide financial assistance to municipalities, ensuring the financial sustainability of the Thusong Service Centres.		
20.16 Public Employment Support Grant		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 100 000	-
Transferred to Revenue - Operating	(1 010 061)	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	<u>89 939</u>	<u>-</u>
This grant is used to coordinate and ensure the implementation of targeted, short term public employment programmes for communities identified as being in distress.		

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Figures in Rand

	2022	2021
20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
20.17 Municipal Library Support Grant		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	205 000	-
Transferred to Revenue - Operating	(1 934)	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
	203 066	-
Closing Unspent Balance	203 066	-
This grant funding is utilized for personnel, operational and/or capital costs of libraries in the municipal area.		
20.18 Total Grants		
Opening Unspent Balance	1 081 961	27 474 112
Grants Received / (Repaid)	125 240 844	93 477 794
Transferred to Revenue - Operating	(74 305 017)	(77 633 162)
Transferred to Revenue - Capital	(45 631 826)	(42 236 784)
Transfer to / (from) Receivables	-	-
	6 385 962	1 081 961
Closing Unspent Balance	6 385 962	1 081 961
21 CONTRIBUTED ASSETS		
Property, Plant and Equipment	3 323 716	-
Total	3 323 716	-
Contributed Assets consists out of the following:		
- Skip Loader Truck	2 849 049	-
- Traffic Law Enforcement Vehicles	474 667	-
Total	3 323 716	-
The contributed assets were donated from the following parties:		
- Department of Forestry, Fisheries and the Environment	2 849 049	-
- TMT Services and Supplies (Pty) Ltd	474 667	-
Total	3 323 716	-
22 AVAILABILITY CHARGES		
Electricity	1 935 632	1 737 078
Water	506 682	492 607
Sewerage and Sanitation	286 837	275 954
Total	2 729 152	2 505 639
As previously reported		-
Correction of error restatement - note 42.1		2 505 639
Restated balance		2 505 639
Availability charges are levied where the Municipality has installed the relevant infrastructure networks (relating to water, electricity and sewerage) in the area where the consumer resides, but the consumer has not requested to be and is not connected to the networks.		

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<i>Figures in Rand</i>	2022	2021
23 FINES, PENALTIES AND FORFEITS		
Traffic	8 315 900	10 230 401
Overdue Book Fines	4 693	3 361
Illegal Connections	31 750	60 202
Retentions	216 867	1 200 000
Unclaimed Money	612 135	59 345
Total	9 181 345	11 553 309
As previously reported		9 185 854
Correction of error restatement - note 42.1		2 367 455
Restated balance		11 553 309
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.		
24 ACTUARIAL GAINS		
Long Service Awards	32 949	-
Total	32 949	-
25 SERVICE CHARGES		
Electricity	114 430 288	100 569 310
Water	31 799 104	29 708 533
Sewerage and Sanitation	15 120 903	13 982 283
Refuse	13 319 031	11 342 291
Total Revenue	174 669 326	155 602 418
Less: Rebates	(5 085 187)	(6 546 104)
Electricity	(64 315)	(72 436)
Water	(1 077 502)	(1 136 775)
Sewerage and Sanitation	(3 403 708)	(4 801 038)
Refuse	(539 663)	(535 854)
Total	169 584 139	149 056 314
As previously reported		151 561 953
Correction of error restatement - note 42.1		(2 505 639)
Restated balance		149 056 314
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.		
26 RENTAL OF FACILITIES AND EQUIPMENT		
Halls and Sportfields	200 922	30 411
Camping and Entrance Fees	2 524 056	1 627 979
Commonage	545 242	585 113
Hawker Stands	83 150	89 113
Total	3 353 370	2 332 616



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	2022	2021
27 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank Accounts	148 773	141 155
Call Investment Deposits	561 058	566 967
Eskom Deposits	39 881	40 476
Total	749 712	748 598

28 AGENCY SERVICES

Drivers Licence Applications	206 591	198 495
Drivers Licences Issued	357 572	329 825
Duplicate Registration Certificates	50 914	55 259
Keeping of Registration Number	11 200	14 200
Learner Licence Applications	93 571	86 948
Learner Licences Issued	28 775	24 139
Professional Drivers Permit Applications	80 541	80 238
Professional Drivers Permits Issued	46 959	32 326
Roadworthy Certificate Applications	210 243	232 367
Roadworthy Certificates Issued	42 045	47 279
Temporary and special permits	24 399	26 298
Vehicle Registration	2 518 905	2 592 555
Total	3 671 714	3 719 929

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 53.1 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.

29 OTHER INCOME

Application Fees for Land Usage	47 650	83 035
Building Plan Approval	1 562 425	1 449 685
Cemetery and Burial	147 356	162 133
Clearance and Valuation Certificates	140 511	152 761
Collection Charges	-	1 145
Commission	132 344	61 019
Licences and Permits	2 650	2 304
Development Charges	113 033	188 500
Photocopies and Faxes	11 861	13 257
Skills Development Levy Refund	244 514	164 004
Sub-division and Consolidation Fees	47 847	16 909
Tender Documents	226 838	148 280
Sundry Income	232 644	45 874
Total	2 909 674	2 488 906

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

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	2022	2021
30 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	86 349 554	80 407 038
Pension and UIF Contributions	14 084 676	12 816 203
Medical Aid Contributions	4 504 348	4 325 183
Overtime	4 213 922	3 348 832
Motor Vehicle Allowances	7 319 749	5 667 029
Cell Phone Allowances	543 626	474 363
Housing Allowances	354 827	420 162
Other benefits and allowances	5 134 513	4 632 127
Bargaining Council	44 948	42 391
Group Life Insurance	1 782 998	1 485 789
Scarcity Allowances	365 441	488 799
Standby Allowances	2 941 126	2 615 148
Contributions to Employee Benefits	9 874 935	9 765 994
Bonuses	6 386 947	6 001 564
Staff Leave	1 080 455	1 956 701
Performance Bonus	333 533	194 728
Long Service Awards	525 000	495 000
Post Retirement Medical Benefits	1 549 000	1 118 000
Workmens Compensation Fund	647 420	609 805
Total	133 027 571	122 466 737

Remuneration of Management Personnel

The Municipal Manager and Directors are appointed on a 5-year fixed contract, except for R Kearns who was appointed on a 3 months contract.

Municipal Manager - DJ Adonis (appointed Mar 2022)

Annual Remuneration	316 043	-
Performance Bonus / 13th Cheque	-	-
Car Allowance	52 000	-
Cellphone Allowance	18 000	-
Rural Allowance	30 747	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	71 957	-
Total	488 747	-

Municipal Manager - HG Slimmert (appointed July 2020 to March 2021)

Annual Remuneration	-	709 813
Performance Bonus / 13th Cheque	-	-
Car Allowance	-	114 000
Cellphone Allowance	-	70 500
Rural Allowance	-	67 177
Leave Payout	-	91 733
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	96 523
Total	-	1 149 746

Director: Community Services - HG Slimmert (appointed April 2021)

Annual Remuneration	895 163	192 094
Performance Bonus / 13th Cheque	-	-
Car Allowance	60 000	15 000
Cellphone Allowance	60 000	15 000
Rural Allowance	82 304	18 206
Contributions to UIF, Medical, Pension Funds and Bargaining Council	228 113	53 641
Total	1 325 580	293 940

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	2022	2021
30 EMPLOYEE RELATED COSTS (CONTINUED)		
Director: Community Services - R Bent (resigned June 2020)		
Annual Remuneration	-	-
Performance Bonus / 13th Cheque	-	-
Car Allowance	-	-
Cell Phone Allowance	-	-
Rural Allowance	-	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	149
Leave Payout	-	95 407
Total	-	95 556
Director: Finance - M Memani (19 Oct 2020 - 19 Apr 2021 and 11 May 2021 - 31 March 2022)		
Annual Remuneration	663 705	511 437
Car Allowance	90 000	77 478
Cellphone Allowance	45 000	26 672
Rural Allowance	72 469	56 748
Leave Payout	58 639	47 089
Contributions to UIF, Medical, Pension Funds and Bargaining Council	120 612	93 356
Total	1 050 426	812 780
Director: Technical Services - R Kearns (Appointed 3 May 2021 - 31 July 2021)		
Annual Remuneration	66 694	133 388
Car Allowance	20 000	40 000
Cellphone Allowance	3 000	6 000
Rural Allowance	6 069	12 137
Contributions to UIF, Medical, Pension Funds and Bargaining Council	187	2 181
Total	95 950	193 706
Director: Technical Services - AB Allison (Appointed 1 Sep 2021)		
Annual Remuneration	786 939	-
Car Allowance	80 000	-
Cellphone Allowance	50 000	-
Rural Allowance	60 686	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	1 812	-
Total	979 437	-
Employees 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 remuneration received for the period in which they acted in the respective positions.		
Mr R Kearns - Acting Director: Technical Services for 21 days (2021 - 0 days)		
Annual Remuneration	57 350	-
Car Allowance	12 903	-
Cellphone Allowance	1 000	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	187	-
Acting Allowance	24 509	-
Total	95 950	-
Mr M Memani - Acting Municipal Manager for 28 days (2021 - 0 days)		
Acting Allowance	18 895	-
Total	18 895	-
Mr M Memani's full remuneration, excluding Acting Allowance, is already disclosed as part of this note.		

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	2022	2021
30 EMPLOYEE RELATED COSTS (CONTINUED)		
Mr D Frantz - Acting Director: Community Services for 45 days (2021 - 0 days)		
Annual Remuneration	52 365	-
Car Allowance	13 285	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	10 969	-
Acting Allowance	29 259	-
Total	105 877	-
Mr A Titus - Acting Municipal Manager for 215 days (2021 - 91 days)		
Annual Remuneration	414 645	168 350
Performance Bonus / 13th Cheque	58 810	-
Housing Allowance	6 689	2 831
Car Allowance	89 379	36 255
Cellphone Allowance	6 242	2 642
Contributions to UIF, Medical, Pension Funds and Bargaining Council	85 126	34 382
Acting Allowance	296 739	127 174
Total	957 629	371 634
Mr GRJ Seas - Acting Director: Finance for 0 days (2021 - 31 days)		
Annual Remuneration	-	56 773
Car Allowance	-	12 500
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	159
Acting Allowance	-	33 895
Total	-	103 326
Me EH Visser - Acting Director: Finance for 0 days (2021 - 87 days)		
Annual Remuneration	-	148 120
Performance Bonus / 13th Cheque	-	41 331
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	30 275
Total	-	219 726
Mr GW Hermanus - Acting Director: Community Services for 0 days (2021 - 31 days)		
Annual Remuneration	-	55 273
Car Allowance	-	12 500
Cellphone Allowance	-	900
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	159
Acting Allowance	-	33 895
Leave Payout	-	52 708
Total	-	155 434
Mr A Titus - Acting Director: Community Services for 11 days (2021 - 230 days)		
Annual Remuneration	21 062	425 501
Performance Bonus / 13th Cheque	-	53 188
Housing Allowance	342	7 156
Car Allowance	4 612	88 401
Cellphone Allowance	319	6 677
Contributions to UIF, Medical, Pension Funds and Bargaining Council	4 369	86 830
Acting Allowance	1 131	246 817
Total	31 835	914 570
Mr JG Kotze - Acting Director: Technical Services for 0 days (2021 - 260 days)		
Annual Remuneration	-	447 971
Performance Bonus / 13th Cheque	-	20 739
Car Allowance	-	102 302
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	118 758
Acting Allowance	-	279 212
Leave Payout	-	33 583
Total	-	1 002 565



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	2022	2021
31 REMUNERATION OF COUNCILLORS		
Executive Mayor	861 529	903 233
Deputy Executive Mayor	686 401	691 412
Speaker	692 302	716 852
Mayoral Committee Members	973 250	1 428 552
All Other Councillors	1 786 623	1 831 943
Total	5 000 104	5 571 991

	Basic Salary	Cell Phone Allowances	Total
2022			
Executive Mayor	824 990	36 539	861 529
Deputy Executive Mayor	659 993	26 408	686 401
Speaker	659 993	32 309	692 302
Mayoral Committee Members	880 672	92 578	973 250
All Other Councillors	1 561 252	225 370	1 786 623
Total	4 586 900	413 204	5 000 104

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

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

Executive Mayor	- RR Richards (from 16 November 2021) NS Qunta (16 October 2019 to 15 November 2021)
Deputy Mayor	- JH Van Heerden (from 16 November 2021) L Scheepers (16 October 2019 to 15 November 2021)
Speaker	- WJ Farmer (from 16 November 2021) P Straus (16 October 2019 to 15 November 2021)

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.

32 DEBT IMPAIRMENT

Receivables from Exchange Transactions	15 986 207	21 091 711
Receivables from Non-Exchange Transactions	9 381 242	13 477 238
Total Debt Impairment	25 367 449	34 568 949
Movement in VAT included in debt impairment	1 409 674	198 055
Total	26 777 123	34 767 004
As previously reported		32 636 625
Correction of error restatement - note 42.1		2 130 378
Restated balance		34 767 004



CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

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	2022	2021
33 DEPRECIATION AND AMORTISATION		
Investment Property	52 250	52 250
Property, Plant and Equipment	25 084 784	21 477 945
Intangible Assets	210 229	222 315
Total	25 347 263	21 752 510
As previously reported		21 748 338
Correction of error restatement - note 42.3		4 172
Restated balance		21 752 510
34 IMPAIRMENT		
Water Infrastructure	1 384 931	1 384 931
Capitalised Restoration Cost	118 214	549 901
Total	1 503 145	1 934 832
As previously reported		549 901
Correction of error restatement - note 42.3		1 384 931
Restated balance		1 934 832
Impairment on Water Infrastructure relates to the Lamberts Bay desalination plant which is not yet in operation. The impairment is based on the estimated refurbishment cost to reinstate the plant to its original condition in order to commence with operations.		
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.		
35 FINANCE CHARGES		
Cash	4 705 780	5 354 594
Long-term Liabilities	1 251 624	1 989 549
Bank Overdraft	47 788	25 903
Overdue Accounts	3 406 368	3 339 142
Non-cash	7 500 575	6 230 476
Post Retirement Medical Benefits	2 831 000	2 460 000
Long Service Awards	504 000	382 000
Rehabilitation of Landfill Sites	4 165 575	3 388 476
Total	12 206 355	11 585 070
Finance charges on overdue accounts mainly relate to interest which was charged by Eskom on overdue accounts.		
36 BULK PURCHASES		
Electricity	93 891 074	81 771 284
Water	802 586	757 297
Total	94 693 660	82 528 580
As previously reported		82 513 833
Correction of error restatement - note 42.2		14 747
Restated balance		82 528 580

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.

CEDERBERG LOCAL MUNICIPALITY

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<i>Figures in Rand</i>	2022	2021
37 CONTRACTED SERVICES		
Accounting and Auditing	4 824 683	1 921 639
Engineering Services	1 079 283	84 056
Fire Services - West Coast District Municipality	1 319 514	1 849 448
Human Resources	123 928	235 269
Laboratory Services	258 770	334 187
Legal Cost	4 548 412	1 843 458
Maintenance Services	5 913 688	3 885 624
Research and Advisory	3 726 697	373 134
Safeguard and Security	7 187 381	3 651 247
Traffic Fines Management	481 730	1 323 661
Valuers and Assessors	1 173 345	311 224
Other Contracted Services	2 333 523	1 468 749
Total	32 970 953	17 281 696
38 TRANSFERS AND GRANTS		
Bursaries	95 270	314 006
Sport Councils	-	50 000
Social Relief	98 471	125 050
Tourism	50 000	-
Total	243 742	489 056
As previously reported		406 006
Correction of error restatement - note 42.5		83 050
Restated balance		489 056
39 OTHER EXPENDITURE		
Advertising, Publicity and Marketing	236 308	250 430
Bank Charges	797 007	719 938
Chemicals	278 199	314 096
Cleaning Materials	260 222	252 710
Commission - Prepaid Electricity	1 996 051	1 852 994
Computer Services	1 639 161	1 593 840
Drivers Licences and Permits	231 353	226 282
External Audit Fees	4 302 952	4 173 171
Fuel and Oil	3 926 579	2 901 701
Hire Charges	1 804 693	1 523 170
Insurance	1 291 963	1 159 152
Maintenance Materials and Tools	2 930 574	2 464 504
Motor Vehicle Licence and Registrations	204 502	204 392
Electricity - Internal usage	4 405 533	2 492 836
Printing and Stationery	912 199	884 866
Professional Bodies, Membership and Subscription	1 404 070	1 260 492
Remuneration of Ward Committees	-	47 000
Skills Development Fund Levy	1 111 925	858 659
Telephone	659 782	604 444
Training	448 742	318 210
Travel and Subsistence	287 282	279 841
Uniform and Protective Clothing	681 103	635 771
Other Expenditure	692 320	1 263 285
Total	30 502 519	26 281 784
As previously reported		26 364 833
Correction of error restatement - note 42.5		(83 050)
Restated balance		26 281 784

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

<i>Figures in Rand</i>	2022	2021
40 ACTUARIAL LOSSES		
Post Retirement Medical Benefits	865 011	1 837 083
Long Service Awards	-	108 915
Total	865 011	1 945 998
The actuarial loss mainly originated as a result of a decrease in the net discount rate being used by the actuaries to calculate the employee benefits.		
41 GAIN/(LOSS) ON DISPOSAL OF NON-MONETARY ASSETS		
Proceeds	4 487 200	350 757
Less: Carrying value of Investment Property disposed	(2 863 278)	(33 365)
Less: Carrying value of Property, Plant and Equipment disposed	(980 277)	(243 044)
Less: Carrying value of Intangible Assets disposed	(138)	(175)
Total	643 507	74 173
As previously reported		73 038
Correction of error restatement - note 42.3		1 134
Restated balance		74 173
42 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR		
42.1 Receivables from Non-Exchange Transactions		
Corrections made to Receivables from Non-Exchange Transactions include the following:		
<ul style="list-style-type: none"> - Other Receivables amounting to R167 923 which included accrued interest and bonuses were not cleared in the following year. - During the 2020/21 statutory audit, the Auditor General (AGSA) raised a finding that Availability Charges should be disclosed as non-exchange revenue and not as exchange revenue. The Municipality adopted AGSA's recommendation and accordingly reclassified Availability Charges as non-exchange revenue. Accordingly, availability charges revenue and the associated net receivable amounting to R2 505 639 and R423 647 respectively, were reclassified. - An Eskom deposit amounting to R70 500 was incorrectly expensed during 2019/20. - Traffic fines issued amounting to R2 367 455 was not recorded in the prior year. Accordingly, debt impairment was also not recognised on the unrecorded fines, which is calculated at R2 130 378. 		
The net effect of the above-mentioned errors were as follow:		
- Receivables from Exchange Transactions - note 3	Overstated	(423 647)
- Receivables from Non-Exchange Transactions - note 4	Understated	563 300
- Availability Charges - note 22	Understated	2 505 639
- Fines, Penalties and Forfeits - note 23	Understated	2 367 455
- Service Charges - note 25	Overstated	(2 505 639)
- Debt Impairment - note 32	Understated	2 130 378
- Accumulated Surplus - note 42.4	Overstated	(97 423)

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42 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR (CONTINUED)

42.2 Inventory

Water inventory was incorrectly valued due to the incorrect cost per kilolitre used, which resulted in an overstated of inventory amounting to R128 653.

The net effect of the above-mentioned errors were as follow:

- Inventory - note 8	Overstated	(128 653)
- Bulk Purchases - note 36	Understated	14 747
- Accumulated Surplus - note 42.4	Overstated	(113 905)

42.3 Property, Plant and Equipment

Corrections made to Property, Plant and Equipment include the following:

- Impairment amounting to R9 539 724 which relates to the Lamberts Bay desalination plant was not recognised in the prior years.
- Movable assets previously not included in the asset register were identified during the current year's asset verification with a carrying value of R23 705.
- Movable assets with a carrying value of R1 134 were incorrectly disposed in prior periods.
- Assets with a carrying value of R1 817 were duplicated on the asset register and accordingly removed.
- Previous disposals of asset with a carrying value of R86 750 were not removed from the asset register.
- Capital expenditure amounting to R11 202 was previously incorrectly classified as operating expenditure.
- Properties with a carrying value of R363 000 of which the Municipality exercise control was not included in the asset register.
- A retention payment amounting to R657 917 was incorrectly capitalised, rather than being offset against the retention account.

The net effect of the above-mentioned errors were as follow:

- Investment Property - note 9	Understated	254 250
- Property, Plant and Equipment - note 10	Overstated	(10 141 417)
- Payables from Exchange Transactions - note 14	Overstated	(657 917)
- Depreciation and Amortisation - note 33	Understated	4 172
- Impairment - note 34	Understated	1 384 931
- Gain on disposal of Non-Monetary Assets - note 41	Understated	1 134
- Accumulated Surplus - note 42.4	Overstated	(7 841 282)

42.4 Accumulated Surplus

Receivables from Non-Exchange Transactions - note 42.1	Overstated	(97 423)
Inventory - note 42.2	Overstated	(113 905)
Property, Plant and Equipment - note 42.3	Overstated	(7 841 282)
Total		(8 052 610)

42.5 Reclassifications

Social Relief amounting to R83 050 was incorrectly classified as Other Expenditure, rather than Transfers and Grants.

The net effect of the above-mentioned errors were as follow:

- Transfers and Grants - note 38	Understated	83 050
- Other Expenditure - note 39	Overstated	(83 050)



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43 NET CASH FROM OPERATING ACTIVITIES		
Net Surplus for the year	9 704 694	19 700 037
Adjusted for:		
Non-cash revenue included in Net Surplus	(3 995 439)	(73 700)
Contributed Assets	(3 323 716)	-
Actuarial Gains	(32 949)	-
Rental of Facilities and Equipment - decrease in operating lease asset	4 733	473
Gain on disposal of Non-Monetary Assets	(643 507)	(74 173)
Non-cash expenditure included in Net Surplus	71 865 240	76 390 262
Employee Related Costs - Contributions towards	9 874 935	9 765 994
Post Retirement Medical Benefits	1 549 000	1 118 000
Long Service Awards	525 000	495 000
Bonuses	6 386 947	6 001 564
Staff Leave	1 080 455	1 956 701
Performance Bonuses	333 533	194 728
Debt Impairment	26 777 123	34 767 004
Depreciation and Amortisation	25 347 263	21 752 510
Impairment	1 503 145	1 934 832
Finance Charges	7 500 575	6 230 476
Post Retirement Medical Benefits	2 831 000	2 460 000
Long Service Awards	504 000	382 000
Provision for Rehabilitation of Landfill-sites	4 165 575	3 388 476
Other Expenditure - decrease in operating lease liability	(2 812)	(6 551)
Actuarial Losses	865 011	1 945 998
Cash expenditure not included in Net Surplus	(9 180 452)	(8 751 996)
Post Retirement Medical Benefits	(1 123 011)	(923 083)
Long Service Awards	(633 051)	(560 915)
Bonuses	(6 184 265)	(5 830 514)
Staff Leave	(1 240 125)	(1 437 484)
Performance Bonus	-	-
Operating Surplus before changes in working capital	68 394 044	87 264 603
Movement in working capital	(20 591 964)	(39 505 608)
Receivables from Exchange Transactions	(17 861 942)	(19 239 989)
Receivables from Non-Exchange Transactions	(12 962 277)	(12 274 062)
Inventory	(177 041)	(3 725)
Long-term Receivables	31 969	(31 969)
Consumer Deposits	221 372	209 775
Payables from exchange transactions - Operating	10 089 929	19 795 544
Total	14 159 090	13 919 491
Add back: Capital included in Trade Payables	(5 996 726)	7 554 174
Add back: Retentions	1 927 566	(1 678 120)
Unspent Conditional Government Grants	5 304 000	(26 392 151)
Taxes	(5 237 974)	(1 569 031)
Cash Flow from Operating Activities	47 802 080	47 758 995



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44 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	3 252 125	5 311 494
Call and Notice Deposits	8 556 790	4 432 167
Cash Floats	6 226	6 226
Total	11 815 140	9 749 887

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

45 BUDGET COMPARISONS

45.1 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

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of Financial Performance

The following actual results were reclassified to ensure that the performance for the year is measured on a comparable basis to the budget approved, which are guided by mSCOA and National Treasury (NT) classifications and principles:

Item	GRAP Classification	Budget Classification	Amount
Camping and Entrance Fees	Rentals of Facilities and Equipment	Other Revenue	2 524 056
Licences and Permits	Other Revenue	Licences and Permits	2 650
Development Charges	Other Revenue	Transfers and subsidies - capital (monetary)	113 033
Workmens Compensation Fund	Employee Related Cost	Other Expenditure	647 420
Water	Bulk Purchases	Inventory Consumed	802 586
Chemicals	Other Expenditure	Inventory Consumed	278 199
Cleaning Materials	Other Expenditure	Inventory Consumed	260 222
Fuel and Oil	Other Expenditure	Inventory Consumed	3 926 579
Maintenance Materials and Tools	Other Expenditure	Inventory Consumed	2 503 731
Other Expenditure	Other Expenditure	Inventory Consumed	372 933
Printing and Stationery	Other Expenditure	Inventory Consumed	187 880

The treatment of the funding received from the Department of Human Settlements (DoHS) for the construction of housing top structures has different treatment for GRAP and budget purposes. For budget purposes, revenue is budgeted as part of "Transfers recognised - Operational" and the respective expenditure is budgeted as 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. In order to align the actuals to the budgeted amounts, the following reclassification of revenue and expenditure is required:

Item	GRAP Classification	Budget Classification	Amount
Claims submitted to DoHS	None	Transfers Recognised - Operational	21 728 358
Expenditure incurred on behalf of DoHS	None	Contracted Services	21 728 358

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45 BUDGET COMPARISONS (CONTINUED)		
	Actuals per	
	Statement of	
	Financial	
	Performance	Reclassification due
	R	to mSCOA versus
		GRAP classification
		R
		Actuals per
		Budget
		Comparison
		R
Summary of Reclassification to Actuals		
REVENUE		
Property Rates	52 403 952	-
Service Charges - Electricity Revenue	116 301 605	-
Service Charges	114 365 973	
Availability Charges	1 935 632	
Service Charges - Water Revenue	31 228 285	-
Service Charges	30 721 602	
Availability Charges	506 682	
Service Charges - Sanitation Revenue	12 004 032	-
Service Charges	11 717 195	
Availability Charges	286 837	
Service Charges - Refuse Revenue	12 779 368	-
Rental of Facilities and Equipment	3 353 370	(2 524 056)
Interest Earned - External Investments	749 712	-
Interest Earned - Outstanding Debtors	4 288 314	-
Fines	9 181 345	-
Licences and Permits	-	2 650
Agency Services	3 671 714	-
Transfers Recognised - Operational	74 305 017	21 728 358
Other Revenue	2 943 428	2 408 373
Insurance Refund	33 754	
Other Income	2 909 674	
Gains	676 456	-
Actuarial Gains	32 949	
Gain on disposal of Non-Monetary Assets	643 507	
Total Revenue (excluding capital transfers)	323 886 599	21 615 325
EXPENDITURE		
Employee Related Costs	133 027 571	(647 420)
Remuneration of Councillors	5 000 104	-
Debt Impairment	26 777 123	-
Depreciation and Asset Impairment	26 850 408	-
Depreciation and Amortisation	25 347 263	
Impairment	1 503 145	
Finance Charges	12 206 355	-
Bulk purchases	94 693 660	(802 586)
Inventory consumed	-	8 332 131
Contracted Services	32 970 953	21 728 358
Transfers and Grants	243 742	-
Other Expenditure	30 502 519	(6 882 125)
Losses	865 011	-
Total Expenditure	363 137 446	21 728 358
Surplus/(Deficit)	(39 250 848)	(113 033)
Transfers and subsidies - capital (monetary) - Government	45 631 826	-
Transfers and subsidies - capital (monetary) - Other	-	113 033
Transfers and subsidies - capital (in-kind)	3 323 716	-
Surplus/(Deficit) for the year	9 704 694	9 704 693

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45 BUDGET COMPARISONS (CONTINUED)

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis in all material aspects, except for following:

- Funding received from the Department of Human Settlements as indicated in the section under "Statement of Financial Performance".
- Property sales are budgeted under "Other Revenue", but for GRAP purposes are disclosed as "Proceeds on disposal of PPE"
- Consumer Deposits are budgeted under "Increase/(Decrease) in Consumer Deposits", but for GRAP purposes are disclosed as "Other Revenue"
- Debtors with arrangements are budgeted as "Decrease (increase) in non-current receivables", but for GRAP purposes are disclosed as "Service Charges".

The actuals of the cash flow statement were adjusted as follow in order to be on a comparable basis:

Item as per Cash Flow Statement	As per GRAP Cash Flow Statement	Adjustment	As per Budget Cash Flow Statement
Service Charges	157 195 927	(31 969)	157 163 958
Other Revenue	9 936 605	4 265 828	14 202 433
Government Grants	125 240 843	21 728 358	146 969 201
Suppliers and employees	(288 097 071)	(21 728 358)	(309 825 430)
Proceeds on disposal of PPE	4 487 200	(4 487 200)	-
Decrease (increase) in non-current receivables	-	31 969	31 969

45.2 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 2020/21.

Actual Amounts vs Final Budget

Cash and Call Investment Deposits	Actuals are more than budget due to grant related projects not concluded at year-end.
Consumer debtors	Actuals are more than budget due to a lower allowance for debt impairment, as a direct result of stricter credit controls implemented.
Property, plant and equipment	Actuals are less than budget due to less than 70% of capital budget spent during the year. In addition, the impairment relating to the Lamberts Bay desalination plant was not included in the budget.
Trade and other payables	Actuals are more than budget due to unspent grants of R7 million which were budgeted to be spent in full, but of which the projects were not concluded at year-end.
Borrowing	Actuals are less than budget, as no loans were taken up as anticipated.
Provisions and Employee Benefits	Actuals were less than budget due to a the provision on landfill sites which were less than anticipated.
Accumulated Surplus	Actuals are more than budget as a result of the items listed under the "Statement of Financial Performance" section.

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45 BUDGET COMPARISONS (CONTINUED)

45.3 Statement of Financial Performance

Adjustments to Original Budget

Fines	Decreased as a result of the traffic fines service providers contract which was terminated.
Transfers Recognised - Operational	Increased due to additional grant allocations for the Human Settlements Development Grants.
Employee Related Costs	Increased mainly due to overtime and standby austerity measures not realising as anticipated.
Depreciation and Asset Impairment	Increase based on the work and progress completed during 2020/21.
Bulk purchases - electricity	Decreased as a result of a cost of supply study which was performed, and whereby the Municipality applied for change in tariff structures.
Contracted Services	Increased due to additional grant allocations for the Human Settlements Development Grants. In addition, security services increased as a result of a new service provider.
Other Expenditure	Increased due to an increase in electricity usage as a result of the Citrusdal waste water treatment works which became operational.
Transfers and subsidies - capital (monetary) - Government	Increased due to additional grant allocations for the Regional Bulk Infrastructure Grant (RBIG).

Virements

All virements were done in line with the approved virement policy of the Municipality where funds are transferred from one line item. No material virements were done since the final approved budget.

Actual Amounts vs Final Budget

Transfers Recognised - Operational	Actuals is less than budget due to not all grant funded projects concluded prior to year-end.
Debt Impairment	Actuals as less than budget as a direct result of stricter credit controls implemented resulting in an increased collection rate.
Contracted Services	Actuals is less than budget due to not all grant funded projects concluded prior to year-end.
Other Expenditure	Actuals were less than budget due to general savings.
Transfers and subsidies - capital (monetary) - Government	Actuals is less than budget due to not all capital grant funded projects concluded prior to year-end.

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45 BUDGET COMPARISONS (CONTINUED)

45.4 Cash Flow Statement

Adjustments to Original Budget

Net Cash from/(used) Operating Activities	Increased due to additional grant allocations for the Regional Bulk Infrastructure Grant (RBIG).
Net Cash from/(used) Investing Activities	Increased due to additional grant allocations for the Regional Bulk Infrastructure Grant (RBIG).
Net Cash from/(used) Financing Activities	Decreased due to a decrease in capital expenditure funded from borrowings.

Actual Amounts vs Final Budget

Net Cash from/(used) Operating Activities	Actuals less than budget due to the Regional Bulk Infrastructure Grant (RBIG) which was not concluded at year-end. Grant funds are only transferred based on claims of expenditure incurred.
Net Cash from/(used) Investing Activities	Actuals less than budget as less than 70% of capital budget spent.
Net Cash from/(used) Financing Activities	Actuals less than budget as no borrowings were taken up.

46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

46.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	1 749 171	7 606 055
Unauthorised expenditure current year - operating	-	183 945
Unauthorised expenditure current year - capital	-	1 565 226
Approved by Council	(1 749 171)	(7 606 055)
Unauthorised expenditure awaiting further action	-	1 749 171

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:

	2022 (Actual) R	2022 (Final Budget) R	2022 (Unauthorised) R	2021 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Executive and Council	7 666 797	8 029 963	-	-
Vote 2 - Office of Municipal Manager	13 736 681	14 693 150	-	-
Vote 3 - Financial Administrative Services	59 568 964	68 402 805	-	-
Vote 4 - Community Development Services	13 385 331	14 484 075	-	-
Vote 5 - Corporate and Strategic Services	22 665 166	23 678 366	-	-
Vote 6 - Planning and Development Services	9 621 089	10 135 013	-	-
Vote 7 - Public Safety	23 341 686	23 969 918	-	-
Vote 8 - Electricity	113 221 309	114 582 636	-	-
Vote 9 - Waste Management	19 244 263	19 523 494	-	-
Vote 10 - Waste Water Management	18 260 125	19 546 698	-	-
Vote 11 - Water	32 590 373	33 509 876	-	-
Vote 12 - Housing	24 570 422	25 899 668	-	-
Vote 13 - Road Transport	13 852 283	15 069 396	-	183 945
Vote 14 - Sports and Recreation	13 141 315	13 688 372	-	-
Total	384 865 806	405 213 430	-	183 945

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

The overspending incurred is attributable to the following categories:

Non-cash - Depreciation and Amortisation (large amount of projects completed in year) - 183 945

	2022 (Actual) R	2022 (Final Budget) R	2022 (Unauthorised) R	2021 (Unauthorised) R
Unauthorised expenditure - Capital				
Vote 1 - Executive and Council	-	-	-	-
Vote 2 - Office of Municipal Manager	-	-	-	-
Vote 3 - Financial Administrative Services	1 301	13 340	-	-
Vote 4 - Community Development Services	150 382	4 660 000	-	-
Vote 5 - Corporate and Strategic Services	395 559	400 000	-	-
Vote 6 - Planning and Development Services	2 699 013	4 507 980	-	-
Vote 7 - Public Safety	475 206	491 000	-	-
Vote 8 - Electricity	15 402 040	18 579 310	-	167 477
Vote 9 - Waste Management	2 849 049	4 849 050	-	-
Vote 10 - Waste Water Management	4 968 491	6 207 586	-	1 397 749
Vote 11 - Water	22 410 866	29 497 894	-	-
Vote 12 - Housing	1 288 914	4 528 184	-	-
Vote 13 - Road Transport	-	1 300 000	-	-
Vote 14 - Sports and Recreation	2 605 782	2 623 565	-	-
Total	53 246 604	77 657 909	-	1 565 226

The overspending incurred is attributable to the following categories:

- Overspending on MIG project (cash)	-	1 397 749
- Overspending on INEP project (cash)	-	167 477
Total	-	1 565 226

46.2 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	14 398 811	107 584 888
Irregular expenditure incurred in the current year	33 598 600	14 398 811
Approved by Council	(12 753 616)	(107 584 887)
Amounts to be recovered	(40 000)	-
Irregular expenditure awaiting further action	35 203 795	14 398 811

Details of irregular expenditure incurred in the current year

(a) Procurement process not followed with regards to a supplier appointed by Council in 2011	26 566 920	12 240 020
(b) Deviation not justifiable	-	140 000
(c) Non-compliance with SCM Regulation	6 703 224	2 018 791
(d) Goods delivered and services rendered without an order	328 456	-
Total	33 598 600	14 398 811

Details of irregular expenditure awaiting further action:

(a) Procurement process not followed with regards to a supplier appointed by Council in 2011	26 566 920	12 240 020
(b) Deviation not justifiable	-	140 000
(c) Non-compliance with SCM Regulation	8 308 419	2 018 791
(d) Goods delivered and services rendered without an order	328 456	-
Total	35 203 795	14 398 811

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

Incidents/cases identified in the current year include:

(a) Procurement process not followed with regards to a supplier appointed by Council in 2011	-	-
(b) Deviation not justifiable	-	1
(c) Non-compliance with SCM Regulation	5	3
(d) Goods delivered and services rendered without an order	3	-
	<u>3</u>	<u>-</u>

Amount recoverable

(a) Procurement process not followed with regards to a supplier appointed by Council in 2011	-	-
(b) Deviation not justifiable	40 000	-
(c) Non-compliance with SCM Regulation	-	-
(d) Goods delivered and services rendered without an order	-	-
Total	<u>40 000</u>	<u>-</u>

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

46.3 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	4 792 858	1 296 371
Fruitless and wasteful expenditure incurred	3 406 368	3 511 254
Fruitless and wasteful expenditure recovered	-	-
Approved by Council	-	(14 767)
Fruitless and wasteful expenditure awaiting further action	<u>8 199 226</u>	<u>4 792 858</u>

Details of fruitless and wasteful expenditure incurred

(a) Interest levied on overdue accounts	260	1 994
(b) Interest levied by Eskom on overdue accounts	3 406 109	3 337 148
(c) Payment to supplier for goods and services not yet rendered	-	172 112
Total	<u>3 406 368</u>	<u>3 511 254</u>

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

- The matter will be tabled 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	2 254	1 994
(b) Interest levied by Eskom on overdue accounts	8 024 860	4 618 751
(c) Payment to supplier for goods and services not yet rendered	172 112	172 112
Total	<u>8 199 226</u>	<u>4 792 858</u>

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47 MATERIAL LOSSES		
47.1 Water distribution losses		
Kilo litres disinfected/purified/purchased	2 728 321	2 916 746
Kilo litres sold and free basic services	(2 078 118)	(2 274 405)
	<u>650 203</u>	<u>642 341</u>
Kilo litres lost during distribution	650 203	642 341
Percentage lost during distribution	23.83%	22.02%
Normal pipe bursts and field leakages are responsible for water losses.		
The prior year water losses was restated, due to kilo litres of free basic services relating to the Citrusdal informal settlement which was duplicated.		
47.2 Electricity distribution losses		
Units purchased (Kwh)	61 734 166	60 188 003
Units sold, free basic services and standard friction losses	(57 210 549)	(57 546 988)
	<u>4 523 617</u>	<u>2 641 015</u>
Units lost during distribution (Kwh)	4 523 617	2 641 015
Percentage lost during distribution	7.33%	4.39%
Electricity losses are due to electricity theft on pre-paid meters. Fines were issued for first time offenders.		
48 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
48.1 SALGA Contributions [MFMA 125 (1)(b)]		
Opening balance	-	1 162 942
Expenditure incurred	1 302 991	1 151 934
Payments	(1 302 991)	(2 314 876)
Outstanding balance	<u>-</u>	<u>-</u>
48.2 Audit Fees [MFMA 125 (1)(c)]		
Opening balance	-	1 675 341
Expenditure incurred	4 948 395	4 799 146
Audit Fees	4 302 952	4 173 171
VAT	645 443	625 976
Payments	(4 262 383)	(6 474 487)
Outstanding Balance	<u>686 012</u>	<u>-</u>
48.3 VAT [MFMA 125 (1)(c)]		
Opening balance	(2 323 611)	(1 419 503)
Net amount claimed/(declared) during the year	2 429 098	(169 216)
Net amount paid/(received) during the year	(752 092)	(734 892)
Outstanding Balance Receivable/(Payable)	<u>(646 605)</u>	<u>(2 323 611)</u>
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.		
48.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]		
Opening balance	1 506 068	1 318 081
Payroll deductions and Council Contributions during the year	20 714 230	18 515 816
Payments	(20 687 957)	(18 327 829)
Outstanding Balance	<u>1 532 341</u>	<u>1 506 068</u>

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48 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)		
48.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]		
Opening balance	-	-
Payroll deductions and Council Contributions during the year	30 065 689	28 241 432
Payments made to pension and medical fund	(30 065 689)	(28 241 432)
Outstanding Balance	-	-
48.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]		
No Councillors had arrear accounts outstanding of more than 90 days as on 30 June.		
48.7 Deviations from Supply Chain Management Regulations		
Deviations from Supply Chain Management Regulations were identified on the following categories:		
Section 36(1)(a)(i) - Emergencies	1 503 135	656 831
Section 36(1)(a)(ii) - Single provider	121 180	145 918
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	146 304	738 625
Total	1 770 619	1 541 375
Deviations from Supply Chain Management Regulations can be allocated as follow:		
Office of the Municipal Manager	-	-
Support Services (Finance and Corporate)	227 434	213 924
Corporate and Strategic Services	-	337 467
Community Services	19 780	-
Technical Services	1 523 405	989 984
Total	1 770 619	1 541 375
All the deviations were ratified by the Municipal Manager and reported to Council.		
48.8 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.		
49 CAPITAL COMMITMENTS		
Approved and contracted for		
Infrastructure	17 374 422	36 415 152
Community Assets	347 543	1 781 780
Total	17 721 965	38 196 932
This expenditure will be financed from:		
Government Grants	17 721 965	37 351 765
Own funding	-	845 167
Total	17 721 965	38 196 932
Capital Commitments are disclosed exclusive of Value Added Tax (VAT).		

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50 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

50.1 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	11 808 914	9 743 661
Receivables from exchange transactions	26 729 374	24 853 639
Receivables from non-exchange transactions	525 306	423 647
Long-term Receivables	-	31 969
Total	39 063 595	35 052 915

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 and 4 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	4 350 429	3 672 450
Water	4 018 292	4 299 722
Refuse	1 148 770	1 315 741
Sewerage	1 675 299	1 588 117
Interest	788 075	767 954
Other	152 931	95 661
Availability Charges	407 866	331 137
Total	12 541 663	12 070 783



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50 FINANCIAL RISK MANAGEMENT (CONTINUED)

Past due receivables are aged as follow:

1 to 3 months overdue	5 547 486	4 607 621
4 months to 1 year overdue	3 387 810	4 136 181
1 year overdue	3 606 366	3 326 981
Total	12 541 663	12 070 783

50.2 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.

50.3 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)	11 808 914	9 743 661
Long-term Liabilities (including current portion)	(8 110 773)	(12 481 071)
Net balance exposed	3 698 141	(2 737 410)

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

0.5% (2021 - 0.5%) increase in interest rates	18 491	(13 687)
0.5% (2021 - 0.5%) decrease in interest rates	(18 491)	13 687

50.4 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 can be mitigated by approving cash funded budgets to ensure commitments can be settled once due over the long term. The Municipality has been experiencing cash flow constraints as disclosed in note 60, and therefore has not been in a position to submit a cash funded budget for the current or previous financial year.

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 2022				
Annuity Loans	3 943 090	4 481 974	-	8 425 064
Finance Lease Liabilities	540 287	562 500	-	1 102 787
Payables from exchange transactions	105 913 801	-	-	105 913 801
Total	110 397 178	5 044 474	-	115 441 652
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	92 040 701	-	-	92 040 701
Total	98 503 683	8 590 351	-	107 094 034

50.5 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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51 FINANCIAL INSTRUMENTS		
The Municipality recognised the following financial instruments at amortised cost:		
<u>Financial Assets</u>		
Cash and Cash Equivalents	11 808 914	9 743 661
Bank Accounts	3 252 125	5 311 494
Call Investment Deposits	8 556 790	4 432 167
Receivables from Exchange Transactions	26 729 374	24 853 639
Electricity	14 989 567	13 234 158
Water	6 955 233	6 786 670
Refuse	1 852 964	1 840 901
Sewerage	2 315 402	2 047 677
Interest	405 691	812 889
Other	210 517	131 343
Receivables from Non-Exchange Transactions	525 306	423 647
Availability Charges	525 306	423 647
Long-term Receivables	-	31 969
Receivables with repayment arrangements	-	31 969
Total	39 063 595	35 052 915
<u>Financial Liabilities</u>		
Payables from exchange Transactions	105 913 801	92 040 701
Trade Payables	99 117 333	79 919 733
Retentions	2 827 032	4 754 598
Sundry Creditors	1 566 257	2 060 035
Sundry Deposits	97 254	403 754
Accrued Interest	93 110	145 628
Unknown Receipts	85 041	57 816
Sale of Land Deposits	1 291 452	3 622 496
Department of Human Settlements	836 322	1 076 642
Long-Term Liabilities	8 110 773	12 481 071
Annuity Loans	7 138 925	10 089 070
Finance Lease Liabilities	971 848	2 392 001
Total	114 024 574	104 521 772
52 STATUTORY RECEIVABLES		
In accordance with the principles of GRAP 108, Statutory Receivables of the Municipality are classified as follows:		
Receivables from Non-Exchange Transactions	11 805 935	8 069 841
Rates	11 572 635	7 088 091
Fines	233 300	981 750
Total	11 805 935	8 069 841
The amounts above are disclosed after any provision for impairment has been taken into account. Refer to note 4 for determining the recoverability of property rates and traffic fines.		
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 23 for traffic fines issued for the year. No interest is levied on outstanding traffic fines.		
Property Rates		
- Past due at the reporting date, and which have been impaired	23 403 293	26 444 975
- Past due that have not been impaired	5 641 768	4 609 315



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53 PRINCIPAL-AGENT ARRANGEMENTS

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

53.1 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	97 721	600 319
Revenue collected from third parties	18 120 454	17 235 960
Commission earned on collections included in note 28	(2 605 045)	(2 688 096)
VAT on commission earned payable to the South African Revenue Services	(390 757)	(403 214)
Collections paid over to the Department	(14 630 499)	(14 647 247)
	<u>591 875</u>	<u>97 721</u>

53.2 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	1 076 642
Payments received from the Department	21 488 039	-
Expenditure incurred on behalf of the Department	(21 728 358)	-
	<u>836 322</u>	<u>1 076 642</u>

53.3 Other Arrangements

The Municipality has entered into arrangements with prepaid electricity vendors to provide services to the public on behalf of the Municipality. Various prepaid electricity vendors sell electricity on the Municipality's behalf. The software used results in all transactions being recorded in the Municipality's sub-system. The Municipality collects the cash receipts from the vendors on a daily basis and therefore collects the revenue in full. Prepaid vendors earn commission on the value of each transaction. The nature of these arrangements were assessed and the transactions are not considered to fall within the scope of GRAP 109.

54 EVENTS AFTER REPORTING DATE

The following events after reporting date are noted:

- Government Gazette notice 47538 was issued on 18 November 2022, which determines the upper limits of total remuneration packages payable to Municipal Managers and Directors for the 2021/22 financial year. As at reporting date, the Municipality has not yet calculated the financial impact of the said Gazette, but has assessed that it will not be significant.

55 IN-KIND DONATIONS AND ASSISTANCE

Property, Plant and Equipment as per note 21 were donated to the Municipality.

56 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

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

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

<i>Figures in Rand</i>	2022	2021
57 CONTINGENT LIABILITIES		
The Municipality were exposed to the following contingent liabilities at year end:		
57.01 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.		
57.02 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 continue with the matter.		
57.03 Matter against the Municipality by Elandsbaai Handelsmaatskappy	-	15 000
The applicant claims against infringement of property. Case was settled on 2 July 2021 between the parties by means of an exchange of certain portions of property as per the settlement agreement dated 30 July 2021.		
57.04 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 in 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.		
57.05 Matter against the Municipality – ISW van Zyl Cancellation of Water Agreement	337 094	180 000
The Municipality has received a court ruling by settlement to have its infrastructure removed from ISW van Zyl Trust by 31 May 2022. This was extended to until 30 June 2022. The property owner may enforce the court ruling at any time at which point the Municipality will have no legitimate water source for Lamberts Bay. Legal costs still to be taxed are estimated at approximately R 337 094.		
57.06 Matter against the Municipality – HG Louw Water Agreement	-	40 000
The applicant seeked an order to expel the Municipality from the Wadrif Well Field. This matter was resolved without any further litigation.		
57.07 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. The matter has been set down for 17 May 2023.		
57.08 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. The matter has been set down for 17 May 2023.		
57.09 Matter against the Municipality by Clackson Power Company (Pty) Ltd	3 779 268	-
The applicant is claiming for outstanding payments amounting to R 3 508 017 in total. The claim relates to electricity supplied to the Municipality. The Municipality is opposing the matter. Legal cost are estimated at approximately R 271 251.		



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CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

<i>Figures in Rand</i>	2022	2021
57 CONTINGENT LIABILITIES (CONTINUED)		
57.10 Matter against the Municipality by Francina Johanna de Klerk	1 000 000	-
The applicant is claiming for damages amounting to R 1 000 000. The damages relates to injuries obtained by the plaintiff where there was a hole underneath the protective cushions surrounding the trampoline. The incident took place at Lamberts Bay caravan park. The matter has been referred to the Municipality's insurer.		
57.11 Remuneration payable to Council	154 924	-
The Government Gazette for the determination of upper limits of the salaries, allowances and benefits of different members of municipal councils was issued on 2 June 2022, which stipulate that the notice takes effect from 1 July 2021. As on 30 June 2022, this notice has not yet been adopted by the Council nor approved by the MEC.		
57.12 Total	7 786 286	2 750 000

58 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.

58.1 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.

58.2 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 30 and 31.

58.3 Current Employee Benefits

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

DJ Adonis	- Municipal Manager	35 737	-
HG Slimmert	- Director: Community Services	97 247	28 155
M Memani	- Director: Finance	-	17 031
R Kearns	- Director: Technical Services	-	15 764
AB Allison	- Director: Technical Services	60 233	-
Total		193 217	60 950

58.4 Other related party transactions

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

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

Figures in Rand

2022

2021

59 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	Service of the state related party relationship	Amount	Amount
P J Sobekwa	Brother of J Sobekwa (Cederberg Municipality)	8 300	-
HM Henderson	Sister of C Ockhuis (Cederberg Municipality)	8 500	3 240
Nelodia Transport	Spouse of WK Nel (SAPS)	2 000	-
M Mercuur	Spouse of N Mercuur (Cederberg Municipality)	-	1 910
NSRI		663 504	-
- C Robertson	Spouse of S Robertson (Department of Health)		
Akhile Management & Consulting		987 977	-
- B Hadebe	Spouse of M Hadebe (Ekurhuleni Municipality)		
Ekuseni Enterprises		1 180 105	-
- S Jacobs	Son of W Jacobs (Department of Health)		
- A Daniels	Daughter of M Human (Department of Water & Sanitation)		
- A van Wyk	Spouse of L van Wyk (Department of Health)		
- A van Wyk	Son of R van Wyk (Department of Health)		
JPCE		153 870	-
- J Minnie	Spouse of J Minnie (City of Cape Town)		
Total		3 004 256	5 150

60 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)	3 946 252	4 942 172
Current Ratio (norm - at least 2:1)	0.47 : 1	0.44 : 1
Cash coverage ratio (norm - 3 months or more)	0.21 months	0 months
Creditors days (norm - 30 days or less)	162 days	160 days
Debtors collection rate (95% or more)	90.09%	89.12%
Operating surplus / (deficit)	(39 250 848)	(22 536 746)

When analysing the results of the ratio's it can be concluded that the Municipality managed to maintain its financial position from the prior year. The Municipality still finds itself in a strained cash flow position. 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.

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.

Other Indicators

Contingent Liabilities are disclosed in note 57. The total exposure amounts to R7 631 362, 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.



KA 14 December 2022

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

Figures in Rand

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60 FINANCIAL SUSTAINABILITY (CONTINUED)

Future Budget

When analysing the 2022/23 MTREF (Medium Term Revenue and Expenditure Framework) budget which was approved by Council in 2021/22, the projected financial indicators are as follow:

	2022/23	2023/24	2024/25
Cash available for working capital requirements (positive balance)	3 746 225	4 189 038	3 564 593
Current Ratio (norm - at least 2:1)	0.34:1	0.47:1	0.74:1
Cash coverage ratio (norm - 3 months or more)	0.01 months	0.01 months	0.01 months
Creditors days (norm - 30 days or less)	131 days	101 days	47 days
Debtors collection rate (95% or more)	91.4%	91.4%	91.4%
Operating surplus / (deficit)	(10 431 281)	(1 716 764)	(3 322 695)

Although the above-mentioned ratio's are still below the required norms, there is a 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.

61 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.

62 COVID-19

The summary below indicates the total Covid-19 response expenditure:

Personal Protective Equipment and Sanitizers	130 772	310 271
Total	130 772	310 271

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

Own Revenue	130 772	310 271
Total	130 772	310 271

63 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
- Wuppertal

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

Figures in Rand

2022

2021

64 SEGMENT REPORTING

64.1 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

64.2 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.

64.3 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.

64.4 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.

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

64 SEGMENT REPORTING (CONTINUED)

64.5 Specific Segment Reporting

2022

REVENUE

External Revenue from Non-Exchange Transactions **108 285 831** **8 134 914** **-** **8 790 567** **816 000** **3 075 820** **19 024 969** **25 728 660** **9 386 178** **4 398 773** **187 641 711**

Property Rates	52 403 952	-	-	-	-	-	-	-	-	-	-	52 403 952
Government Grants and Subsidies - Operating	55 203 040	5 754 875	-	-	816 000	376 807	2 101 275	4 199 202	4 304 096	1 549 723	-	74 305 017
Government Grants and Subsidies - Capital	-	2 158 479	-	-	-	2 699 013	14 963 040	21 016 048	4 795 245	-	-	45 631 826
Contributed Assets	-	-	-	474 667	-	-	-	-	-	2 849 049	-	3 323 716
Availability Charges	-	-	-	-	-	-	1 935 632	506 682	286 837	-	-	2 729 152
Insurance Refund	33 754	-	-	-	-	-	-	-	-	-	-	33 754
Fines, penalties and forfeits	612 135	221 560	-	8 315 900	-	-	25 022	6 727	-	-	-	9 181 345
Actuarial Gains	32 949	-	-	-	-	-	-	-	-	-	-	32 949

External Revenue from Exchange Transactions **7 342 751** **202 067** **2 525 749** **3 676 474** **1 868 435** **-** **114 365 973** **30 721 602** **11 717 195** **12 780 183** **185 200 429**

Service Charges	-	-	-	-	-	-	114 365 973	30 721 602	11 717 195	12 779 368	-	169 584 139
Rental of Facilities and Equipment	628 392	200 922	2 524 056	-	-	-	-	-	-	-	-	3 353 370
Interest Earned - external investments	749 712	-	-	-	-	-	-	-	-	-	-	749 712
Interest Earned - outstanding debtors	4 288 314	-	-	-	-	-	-	-	-	-	-	4 288 314
Agency Services	-	-	-	3 671 714	-	-	-	-	-	-	-	3 671 714
Other Income	1 032 827	1 144	1 693	4 760	1 868 435	-	-	-	-	815	-	2 909 674
Gain on disposal of Non-Monetary Assets	643 507	-	-	-	-	-	-	-	-	-	-	643 507

TOTAL REVENUE **115 628 581** **8 336 981** **2 525 749** **12 467 041** **2 684 435** **3 075 820** **133 390 942** **56 450 262** **21 103 373** **17 178 955** **372 842 140**

EXPENDITURE

Employee Related Costs	51 784 985	15 549 882	4 517 921	11 971 162	6 575 722	6 397 478	7 293 748	12 821 161	4 824 558	11 290 954	-	133 027 571
Remuneration of Councillors	5 000 104	-	-	-	-	-	-	-	-	-	-	5 000 104
Debt Impairment	2 719 634	-	-	7 976 024	-	-	3 359 444	7 580 862	2 785 113	2 356 045	-	26 777 123
Depreciation and Amortisation	1 828 997	671 336	159 324	113 871	36 946	5 804 239	4 108 020	5 069 737	5 713 124	1 841 669	-	25 347 263
Impairment	-	-	-	-	-	-	-	1 384 931	-	118 214	-	1 503 145
Finance Charges	12 206 355	-	-	-	-	-	-	-	-	-	-	12 206 355
Bulk Purchases	-	-	-	-	-	-	93 891 074	802 586	-	-	-	94 693 660
Contracted Services	21 927 118	427 337	25 875	2 400 817	116 294	325 026	2 880 171	1 065 408	1 813 225	1 989 683	-	32 970 953
Transfers and Grants	193 742	-	-	-	50 000	-	-	-	-	-	-	243 742
Other Expenditure	16 536 395	1 000 226	282 170	879 812	152 033	1 325 542	1 688 853	3 865 687	3 124 105	1 647 697	-	30 502 519
Actuarial Losses	865 012	-	-	-	-	-	-	-	-	-	-	865 012

Total Expenditure **113 062 341** **17 648 781** **4 985 290** **23 341 686** **6 930 995** **13 852 283** **113 221 309** **32 590 373** **18 260 125** **19 244 263** **363 137 447**

NET SURPLUS/(DEFICIT) FOR THE YEAR **2 566 240** **(9 311 800)** **(2 459 541)** **(10 874 645)** **(4 246 560)** **(10 776 463)** **20 169 634** **23 859 889** **2 843 248** **(2 065 308)** **9 704 693**

Less: Government Grants and Subsidies - Capital - (2 158 479) - - - - (2 699 013) (14 963 040) (21 016 048) (4 795 245) - (45 631 826)

Less: Other Income - Capital - - - - (113 033) - - - - - - (113 033)

Less: Contributed Assets - - - (474 667) - - - - - - (2 849 049) - (3 323 716)

NET OPERATING SURPLUS/(DEFICIT) FOR THE YEAR **2 566 240** **(11 470 279)** **(2 459 541)** **(11 349 312)** **(4 359 593)** **(13 475 477)** **5 206 594** **2 843 841** **(1 951 997)** **(4 914 357)** **(39 363 882)**

CAPITAL EXPENDITURE FOR THE YEAR **396 861** **3 690 583** **354 496** **475 206** **2 699 013** **-** **15 402 040** **22 410 866** **4 968 491** **2 849 049** **53 246 604**

CEDERBERG LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

64	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
64.5 Specific Segment Reporting												
2021												
REVENUE												
External Revenue from Non-Exchange Transactions		107 224 951	7 752 492	-	10 230 401	1 242 309	-	18 869 716	9 790 452	26 505 668	535 854	182 151 844
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
Availability Charges		-	-	-	-	-	-	1 737 078	492 607	275 954	-	2 505 639
Insurance Refund		67 793	-	-	-	-	-	-	-	-	-	67 793
Fines, penalties and forfeits		59 345	1 203 361	-	10 230 401	-	-	60 202	-	-	-	11 553 309
External Revenue from Exchange Transactions		7 878 122	31 385	1 631 224	3 730 751	1 803 992	-	100 496 873	28 571 758	9 181 246	10 828 099	164 153 449
Service Charges		-	-	-	-	-	-	100 496 873	28 571 758	9 181 246	10 806 437	149 056 314
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		74 173	-	-	-	-	-	-	-	-	-	74 173
TOTAL REVENUE		115 103 073	7 783 877	1 631 224	13 961 152	3 046 301	-	119 366 590	38 362 210	35 686 913	11 363 954	346 305 292
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	-	-	8 812 170	-	-	3 735 580	8 876 156	2 122 322	2 155 114	34 767 004
Depreciation and Amortisation		1 802 988	688 861	152 777	73 884	43 004	5 827 179	4 199 819	4 570 607	3 780 429	612 963	21 752 510
Impairment		-	-	-	-	-	-	-	-	-	1 934 832	1 934 832
Finance Charges		11 585 070	-	-	-	-	-	-	-	-	-	11 585 070
Bulk Purchases		-	-	-	-	-	-	81 771 284	757 297	-	-	82 528 580
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		476 556	-	-	-	12 500	-	-	-	-	-	489 056
Other Expenditure		16 021 006	623 661	145 263	1 385 980	146 593	874 773	1 420 699	3 100 938	1 355 921	1 206 950	26 281 784
Actuarial Losses		1 945 998	-	-	-	-	-	-	-	-	-	1 945 998
Total Expenditure		103 458 403	16 787 797	4 798 082	24 660 946	6 547 130	13 038 754	98 130 272	30 146 890	11 786 145	17 250 838	326 605 256
NET SURPLUS/(DEFICIT) FOR THE YEAR		11 644 670	(9 003 919)	(3 166 859)	(10 699 795)	(3 500 829)	(13 038 754)	21 236 318	8 215 320	23 900 769	(5 886 884)	19 700 037
Less: Government Grants and Subsidies - Capital		-	(1 195 430)	-	-	(368 937)	-	(14 782 712)	(7 137 382)	(18 752 323)	-	(42 236 784)
Less: Other Income - Capital		-	-	-	-	(188 500)	-	-	-	-	-	(188 500)
NET OPERATING SURPLUS/(DEFICIT) FOR THE YEAR		11 644 670	(10 199 349)	(3 166 859)	(10 699 795)	(4 058 267)	(13 038 754)	6 453 606	1 077 938	5 148 446	(5 886 884)	(22 725 247)
CAPITAL EXPENDITURE FOR THE YEAR		245 250	1 597 600	-	5 618	368 937	40 346	14 981 168	7 364 363	19 824 414	23 522	44 451 219

CEDERBERG LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2022

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2021	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2022
<u>ANNUITY LOANS</u>							
ABSA	038-723-0992	9.84%	1 April 2025	1 556 127	-	(334 315)	1 221 812
ABSA	038-723-0993	10.43%	17 June 2025	2 631 936	-	(559 507)	2 072 429
ABSA	038-723-0994	10.45%	17 Nov 2025	1 166 387	-	(214 032)	952 355
ABSA	038-723-0995	11.33%	30 Jun 2026	1 278 702	-	(201 525)	1 077 177
Standard Bank	03-263-793-4	10.36%	31 Mar 2023	3 455 919	-	(1 640 767)	1 815 152
Total Annuity Loans				10 089 070	-	(2 950 145)	7 138 925
<u>FINANCE LEASE LIABILITIES - PRINTERS</u>							
Samsung 057400 Pabx System			31 May 2022	1 156 006	-	(1 156 006)	-
Printers and Copiers			31 Dec 2024	-	943 824	(135 182)	808 641
Total Finance Lease Liabilities - Printers				1 156 006	943 824	(1 291 189)	808 641
<u>FINANCE LEASE LIABILITIES - VEHICLES</u>							
Isuzu Kb 250C Fleetside Regular Cab	00089668811		1 Jul 2022	60 075	-	(55 201)	4 874
Isuzu Kb 250C Fleetside Regular Cab	00089668986		1 Jul 2022	60 075	-	(55 201)	4 874
Isuzu Kb 250C Fleetside Regular Cab	00089669184		1 Jul 2022	60 075	-	(55 201)	4 874
Chevrolet Utility 1.4 + A/C (M18)	00089669583		1 Jul 2022	44 967	-	(41 318)	3 649
Chevrolet Utility 1.4 + A/C (M18)	00089670107		1 Jul 2022	44 967	-	(41 318)	3 649
Isuzu Kb 250C Fleetside Regular Cab	00089670301		1 Jul 2022	60 861	-	(55 922)	4 938
Isuzu Kb 250C Fleetside Regular Cab	00089733109		1 Aug 2022	64 744	-	(54 990)	9 755
Isuzu Kb 250C Fleetside Regular Cab	00089733338		1 Aug 2022	114 259	-	(97 044)	17 215
Isuzu N Series NLR 150	00089733443		1 Aug 2022	123 586	-	(104 966)	18 620
Isuzu Kb 250C Fleetside Regular Cab	00089733478		1 Aug 2022	64 744	-	(54 990)	9 755
Isuzu N Series NLR 150	00089733656		1 Aug 2022	123 586	-	(104 966)	18 620
Isuzu N Series NLR 150	00089733664		1 Aug 2022	123 586	-	(104 966)	18 620
Isuzu N Series NLR 150	00089733915		1 Aug 2022	123 586	-	(104 966)	18 620
Isuzu Kb 250C Fleetside Regular Cab	00089734008		1 Aug 2022	64 744	-	(54 990)	9 755
Toyota Etios Sedan 1.5SD Sprint	00089760637		1 Aug 2022	51 068	-	(43 374)	7 694
Toyota Etios Sedan 1.5SD Sprint	00089760769		1 Aug 2022	51 068	-	(43 374)	7 694
Total Finance Lease Liabilities - Vehicles				1 235 995	-	(1 072 788)	163 207
Total Long-Term Liabilities				12 481 071	943 824	(5 314 122)	8 110 773



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

KA 14 December 2022

CEDERBERG LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2022

	OPENING BALANCE	GRANTS RECEIVED	GRANTS REPAID	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	TRANSFER TO / (FROM) RECEIVABLES	CLOSING BALANCE
	R	R	R	R	R	R	R
NATIONAL GOVERNMENT							
Equitable Share	-	55 044 000	-	(55 044 000)	-	-	-
Municipal Infrastructure Grant (MIG)	-	16 320 000	-	(2 481 051)	(10 153 125)	-	3 685 824
Financial Management Grant (FMG)	-	2 023 000	-	(2 023 000)	-	-	-
Integrated National Electrification Programme (INEP)	-	17 000 000	-	(2 036 960)	(14 963 040)	-	-
Expanded Public Works Program (EPWP)	-	1 755 000	-	(1 755 000)	-	-	-
Water Service Infrastructure Grant (WSIG)	149 281	4 600 000	(149 281)	(376 688)	(2 715 968)	-	1 507 344
Municipal Disaster Relief Grant (COVID-19)	76 531	-	(76 531)	-	-	-	-
Regional Bulk Infrastructure Grant (RBIG)	-	20 979 282	-	(2 669 954)	(17 799 692)	-	509 637
Total	225 812	117 721 282	(225 812)	(66 386 652)	(45 631 826)	-	5 702 805
PROVINCIAL GOVERNMENT							
Library Services MRF	4 568	5 302 000	(4 568)	(5 302 000)	-	-	-
CDW Support	169 000	151 000	(169 000)	(71 883)	-	-	79 117
Municipal Drought Support Grant	105 486	-	(105 486)	-	-	-	-
Local Government Graduate Internship Grant	39 170	-	-	(39 170)	-	-	-
Financial Management Support Grant	301 050	958 327	-	(1 259 377)	-	-	-
Municipal Capacity Building Grant	214 617	650 000	(469 642)	(95 797)	-	-	299 178
Thusong Service Centre Grant	22 258	150 000	(22 258)	(138 144)	-	-	11 856
Public Employment Support Grant	-	1 100 000	-	(1 010 061)	-	-	89 939
Municipal Library Support Grant	-	205 000	-	(1 934)	-	-	203 066
Total	856 149	8 516 327	(770 954)	(7 918 365)	-	-	683 156
ALL SPHERES OF GOVERNMENT	1 081 961	126 237 610	(996 766)	(74 305 017)	(45 631 826)	-	6 385 961



AUDITOR-GENERAL
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KA 14 December 2022

CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
FINANCIAL PERFORMANCE						
Property rates	51 274 481	(1 934 031)	49 340 450	52 403 952	3 063 502	48 155 157
Service charges	169 263 077	3 819 923	173 083 000	172 313 291	(769 709)	151 561 953
Investment revenue	486 482	100 000	586 482	749 712	163 230	748 598
Transfers and subsidies - operational	89 873 043	9 993 413	99 866 456	96 033 376	(3 833 080)	77 633 162
Other own revenue	35 193 810	(8 783 043)	26 410 767	24 001 593	(2 409 174)	25 781 139
Total Operating Revenue (excluding capital transfers)	346 090 893	3 196 262	349 287 155	345 501 924	(3 785 231)	303 880 009
Employee costs	125 299 810	9 740 873	135 040 683	132 380 151	(2 660 532)	123 802 930
Remuneration of councillors	5 591 000	(417 790)	5 173 210	5 000 104	(173 106)	5 571 991
Debt impairment	29 577 000	2 369 000	31 946 000	26 777 123	(5 168 877)	34 767 004
Depreciation and asset impairment	21 246 200	5 710 800	26 957 000	26 850 408	(106 592)	23 687 342
Finance charges	10 917 371	841 198	11 758 569	12 206 355	447 786	11 585 070
Bulk purchases	100 857 000	(6 305 000)	94 552 000	93 891 074	(660 926)	82 528 580
Inventory Consumed	7 188 305	1 807 620	8 995 925	8 332 131	(663 794)	6 744 590
Contracted Services	40 414 465	21 050 998	61 465 463	54 699 312	(6 766 151)	17 281 696
Transfers and grants	883 826	(268 525)	615 301	243 742	(371 559)	489 056
Other expenditure	21 761 155	4 948 124	26 709 279	23 620 394	(3 088 885)	20 146 999
Losses	-	2 000 000	2 000 000	865 012	(1 134 988)	-
Total Expenditure	363 736 132	41 477 298	405 213 430	384 865 806	(20 347 624)	326 605 256
Surplus/(Deficit)	(17 645 239)	(38 281 036)	(55 926 275)	(39 363 882)	16 562 393	(22 725 247)
Transfers and subsidies - capital (monetary) - Government	32 291 956	26 249 783	58 541 739	45 631 826	(12 909 913)	42 236 784
Transfers and subsidies - capital (monetary) - Other	200 340	(11 840)	188 500	113 033	(75 467)	188 500
Transfers and subsidies - capital (in-kind)	-	2 849 050	2 849 050	3 323 716	474 666	-
Surplus/(Deficit) for the year	14 847 057	(9 194 043)	5 653 014	9 704 693	4 051 679	19 700 037
CAPITAL EXPENDITURE & FUNDS SOURCES						
Capital expenditure	51 261 562	26 396 347	77 657 909	53 246 604	(24 411 305)	44 451 219
Transfers recognised - capital	32 291 957	26 249 782	58 541 739	45 631 826	(12 909 913)	42 236 784
Borrowing	15 634 365	(4 834 365)	10 800 000	150 382	(10 649 618)	-
Internally generated funds	3 335 240	4 980 930	8 316 170	7 464 396	(851 774)	2 214 435
Total sources of capital funds	51 261 562	26 396 347	77 657 909	53 246 604	(24 411 305)	44 451 219
CASH FLOWS						
<i>KA 14 December 2022</i>						
Net cash from (used) operating	42 611 056	16 681 775	59 292 831	52 035 939	(7 256 892)	47 581 189
Net cash from (used) investing	(51 061 222)	(23 527 169)	(74 588 391)	(44 877 935)	29 710 455	(50 008 484)
Net cash from (used) financing	10 508 285	(4 677 601)	5 830 683	(5 092 751)	(10 923 434)	(4 507 708)
Net Cash Movement for the year	2 058 118	(11 522 994)	(9 464 876)	2 065 253	11 530 129	(6 935 003)
Cash/cash equivalents at beginning of year	689 757	9 060 130	9 749 887	9 749 887	-	16 684 890
Cash/cash equivalents at the year end	2 747 875	(2 462 864)	285 011	11 815 140	11 530 129	9 749 887

CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	9 527 462	-	9 527 462	49 958 813	40 431 351	54 220 493
Finance and administration	69 034 254	(3 069 074)	65 965 180	65 669 768	(295 412)	60 882 579
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	5 489 522	250 998	5 740 520	5 537 174	(203 346)	5 214 498
Sport and recreation	1 817 314	1 779 928	3 597 242	3 856 389	259 147	4 209 120
Public safety	14 693 443	(7 027 443)	7 666 000	8 793 217	1 127 217	10 232 706
Housing	21 257 411	6 510 001	27 767 412	23 199 635	(4 567 777)	-
Economic and environmental services						
Planning and development	2 592 806	181 268	2 774 074	2 684 435	(89 639)	3 046 301
Road transport	8 638 377	864 640	9 503 017	6 747 534	(2 755 483)	3 719 929
Trading services						
Energy sources	143 366 699	1 077 982	144 444 681	133 390 942	(11 053 739)	119 366 590
Water management	51 691 987	26 403 746	78 095 733	56 450 262	(21 645 471)	38 362 210
Waste water management	29 441 564	488 566	29 930 130	21 103 373	(8 826 757)	35 686 913
Waste management	21 032 350	4 822 643	25 854 993	17 178 955	(8 676 038)	11 363 954
Total Revenue - Standard	378 583 189	32 283 255	410 866 444	394 570 498	(16 295 946)	346 305 292
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	13 932 954	(494 061)	13 438 893	12 693 338	(745 555)	13 518 874
Finance and administration	88 267 973	20 732 481	109 000 454	97 713 508	(11 286 946)	87 841 354
Internal audit	1 148 030	(98 244)	1 049 786	1 025 193	(24 593)	1 095 173
Community and public safety						
Community and social services	10 531 591	624 513	11 156 104	9 482 861	(1 673 243)	9 323 724
Sport and recreation	12 956 516	731 856	13 688 372	13 141 315	(547 057)	12 931 119
Public safety	21 192 300	(3 419 777)	17 772 523	18 742 966	970 443	19 750 145
Housing	22 473 358	3 426 310	25 899 668	24 570 422	(1 329 246)	2 570 549
Economic and environmental services						
Planning and development	8 814 815	332 575	9 147 390	8 561 298	(586 092)	7 550 132
Road transport	12 938 483	2 519 987	15 458 470	14 341 510	(1 116 960)	13 395 421
Trading services						
Energy sources	115 951 240	(1 368 604)	114 582 636	113 221 309	(1 361 327)	98 130 272
Water management	26 432 820	7 077 056	33 509 876	32 590 373	(919 503)	30 146 890
Waste water management	13 504 298	7 481 466	20 985 764	19 537 449	(1 448 315)	13 100 766
Waste management	15 591 754	3 931 740	19 523 494	19 244 263	(279 231)	17 250 838
Total Expenditure - Standard	363 736 132	41 477 298	405 213 430	384 865 806	(20 347 624)	326 605 256
Surplus/(Deficit) for the year	14 847 057	(9 194 043)	5 653 014	9 704 693	4 051 679	19 700 037



KA 14 December 2022

CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Executive and Council	9 527 462	-	9 527 462	49 958 813	40 431 351	54 220 493
Vote 2 - Office of Municipal Manager	-	39 170	39 170	39 170	-	40 830
Vote 3 - Financial Administrative Services	60 152 265	53 079	60 205 344	62 635 648	2 430 304	57 356 165
Vote 4 - Community Development Services	7 659 813	658 869	8 318 682	7 982 662	(336 020)	8 328 879
Vote 5 - Corporate and Strategic Services	6 702 522	(3 563 618)	3 138 904	547 351	(2 591 553)	362 686
Vote 6 - Planning and Development Services	2 592 806	181 268	2 774 074	2 684 435	(89 639)	3 046 301
Vote 7 - Public Safety	18 656 819	(7 068 379)	11 588 440	12 467 041	878 601	13 961 152
Vote 8 - Electricity	143 366 699	1 077 982	144 444 681	133 390 942	(11 053 739)	119 366 590
Vote 9 - Waste Management	21 032 350	4 822 643	25 854 993	17 178 955	(8 676 038)	11 363 954
Vote 10 - Waste Water Management	29 441 564	488 566	29 930 130	21 103 373	(8 826 757)	35 686 913
Vote 11 - Water	51 691 987	26 403 746	78 095 733	56 450 262	(21 645 471)	38 362 210
Vote 12 - Housing	21 257 411	6 510 001	27 767 412	23 199 635	(4 567 777)	-
Vote 13 - Road Transport	4 684 177	900 000	5 584 177	3 075 820	(2 508 357)	-
Vote 14 - Sports and Recreation	1 817 314	1 779 928	3 597 242	3 856 389	259 147	4 209 120
Total Revenue by Vote	378 583 189	32 283 255	410 866 444	394 570 498	(16 295 946)	346 305 292
EXPENDITURE						
Vote 1 - Executive and Council	9 234 669	(1 204 706)	8 029 963	7 666 797	(363 166)	8 530 372
Vote 2 - Office of Municipal Manager	12 722 275	1 970 875	14 693 150	13 736 681	(956 469)	11 210 071
Vote 3 - Financial Administrative Services	53 199 345	15 203 460	68 402 805	59 568 964	(8 833 841)	56 574 969
Vote 4 - Community Development Services	14 339 485	144 590	14 484 075	13 385 331	(1 098 744)	14 079 792
Vote 5 - Corporate and Strategic Services	21 184 944	2 493 422	23 678 366	22 665 166	(1 013 200)	18 069 357
Vote 6 - Planning and Development Services	8 494 603	1 640 410	10 135 013	9 621 089	(513 924)	7 625 183
Vote 7 - Public Safety	26 550 342	(2 580 424)	23 969 918	23 341 686	(628 232)	24 660 946
Vote 8 - Electricity	115 951 240	(1 368 604)	114 582 636	113 221 309	(1 361 327)	98 130 272
Vote 9 - Waste Management	15 591 754	3 931 740	19 523 494	19 244 263	(279 231)	17 250 838
Vote 10 - Waste Water Management	11 686 898	7 859 800	19 546 698	18 260 125	(1 286 573)	11 786 145
Vote 11 - Water	26 432 820	7 077 056	33 509 876	32 590 373	(919 503)	30 146 890
Vote 12 - Housing	22 473 358	3 426 310	25 899 668	24 570 422	(1 329 246)	2 570 549
Vote 13 - Road Transport	12 917 883	2 151 513	15 069 396	13 852 283	(1 217 113)	13 038 754
Vote 14 - Sports and Recreation	12 956 516	731 856	13 688 372	13 141 315	(547 057)	12 931 119
Total Expenditure by Vote	363 736 132	41 477 298	405 213 430	384 865 806	(20 347 624)	326 605 256
Surplus/(Deficit) for the year	14 847 057	(9 194 043)	5 653 014	9 704 693	4 051 679	19 700 037

CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	51 274 481	(1 934 031)	49 340 450	52 403 952	3 063 502	48 155 157
Service charges - electricity revenue	116 428 232	1 119 768	117 548 000	116 301 605	(1 246 395)	102 233 952
Service charges - water revenue	31 027 254	(188 254)	30 839 000	31 228 285	389 285	29 064 365
Service charges - sanitation revenue	10 030 434	1 988 566	12 019 000	12 004 032	(14 968)	9 457 200
Service charges - refuse revenue	11 777 157	899 843	12 677 000	12 779 368	102 368	10 806 437
Rental of facilities and equipment	364 283	568 663	932 946	829 314	(103 632)	704 637
Interest earned - external investments	486 482	100 000	586 482	749 712	163 230	748 598
Interest earned - outstanding debtors	6 041 331	(1 367 331)	4 674 000	4 288 314	(385 686)	5 732 914
Fines, penalties and forfeits	14 771 585	(7 070 711)	7 700 874	9 181 345	1 480 471	11 553 309
Licences and permits	2 544	456	3 000	2 650	(350)	2 304
Agency services	3 954 200	(35 360)	3 918 840	3 671 714	(247 126)	3 719 929
Transfers and subsidies - Operating	89 873 043	9 993 413	99 866 456	96 033 376	(3 833 080)	77 633 162
Other revenue	10 059 867	(2 878 760)	7 181 107	5 351 801	(1 829 306)	3 993 873
Gains	-	2 000 000	2 000 000	676 456	(1 323 544)	74 173
Total Revenue (excl capital transfers)	346 090 893	3 196 262	349 287 155	345 501 924	(3 785 231)	303 880 009
EXPENDITURE BY TYPE						
Employee related costs	125 299 810	9 740 873	135 040 683	132 380 151	(2 660 532)	123 802 930
Remuneration of councillors	5 591 000	(417 790)	5 173 210	5 000 104	(173 106)	5 571 991
Debt impairment	29 577 000	2 369 000	31 946 000	26 777 123	(5 168 877)	34 767 004
Depreciation and asset impairment	21 246 200	5 710 800	26 957 000	26 850 408	(106 592)	23 687 342
Finance charges	10 917 371	841 198	11 758 569	12 206 355	447 786	11 585 070
Bulk purchases	100 857 000	(6 305 000)	94 552 000	93 891 074	(660 926)	82 528 580
Inventory Consumed	7 188 305	1 807 620	8 995 925	8 332 131	(663 794)	6 744 590
Contracted Services	40 414 465	21 050 998	61 465 463	54 699 312	(6 766 151)	17 281 696
Transfers and grants	883 826	(268 525)	615 301	243 742	(371 559)	489 056
Other expenditure	21 761 155	4 948 124	26 709 279	23 620 394	(3 088 885)	20 146 999
Losses	-	2 000 000	2 000 000	865 012	(1 134 988)	-
Total Expenditure	363 736 132	41 477 298	405 213 430	384 865 806	(20 347 624)	326 605 256
Surplus/(Deficit)	(17 645 239)	(38 281 036)	(55 926 275)	(39 363 882)	16 562 393	(22 725 247)
Transfers and subsidies - capital (monetary) - Government	32 291 956	26 249 783	58 541 739	45 631 826	(12 909 913)	42 236 784
Transfers and subsidies - capital (monetary) - Other	200 340	(11 840)	188 500	113 033	(75 467)	188 500
Transfers and subsidies - capital (in-kind)	-	2 849 050	2 849 050	3 323 716	474 666	-
Surplus/(Deficit) for the year	14 847 057	(9 194 043)	5 653 014	9 704 693	4 051 679	19 700 037

CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 6 - Planning and Development Services	4 073 197	434 783	4 507 980	2 699 013	(1 808 967)	351 021
Vote 8 - Electricity	63 900	(4 100)	59 800	47 311	(12 489)	120 498
Vote 10 - Waste Water Management	7 306 934	(1 304 348)	6 002 586	4 795 245	(1 207 341)	11 619 158
Vote 11 - Water	-	23 117 391	23 117 391	17 799 692	(5 317 699)	-
Vote 12 - Housing	-	3 000 000	3 000 000	-	(3 000 000)	-
Vote 14 - Sports and Recreation	150 000	865 565	1 015 565	869 565	(146 000)	1 195 430
Total Multi-year expenditure	11 594 031	26 109 291	37 703 322	26 210 826	(11 492 496)	13 286 106
Single-year expenditure						
Vote 1 - Executive and Council	-	-	-	-	-	-
Vote 2 - Office of Municipal Manager	-	-	-	-	-	-
Vote 3 - Financial Administrative Services	283 340	(270 000)	13 340	1 301	(12 039)	-
Vote 4 - Community Development Services	1 005 000	3 655 000	4 660 000	150 382	(4 509 618)	35 806
Vote 5 - Corporate and Strategic Services	2 020 000	(1 620 000)	400 000	395 559	(4 441)	245 250
Vote 6 - Planning and Development Services	22 609	(22 609)	-	-	-	17 917
Vote 7 - Public Safety	700 000	(209 000)	491 000	475 206	(15 794)	5 618
Vote 8 - Electricity	20 603 374	(2 083 864)	18 519 510	15 354 729	(3 164 781)	14 860 671
Vote 9 - Waste Management	2 000 000	2 849 050	4 849 050	2 849 049	(2 000 001)	23 522
Vote 10 - Waste Water Management	598 000	(393 000)	205 000	173 246	(31 754)	8 205 256
Vote 11 - Water	6 323 424	57 079	6 380 503	4 611 174	(1 769 329)	7 364 363
Vote 12 - Housing	1 528 184	-	1 528 184	1 288 914	(239 270)	-
Vote 13 - Road Transport	4 163 600	(2 863 600)	1 300 000	-	(1 300 000)	40 346
Vote 14 - Sports and Recreation	420 000	1 188 000	1 608 000	1 736 217	128 217	366 364
Total Single-year expenditure	39 667 531	287 056	39 954 587	27 035 778	(12 918 809)	31 165 113
Total Capital Expenditure by Vote	51 261 562	26 396 347	77 657 909	53 246 604	(24 411 305)	44 451 219



KA 14 December 2022

CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
CAPITAL EXPENDITURE (CONTINUED)						
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	-	-	-	-	-	-
Finance and administration	2 303 340	(1 890 000)	413 340	396 861	(16 479)	245 250
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	1 005 000	3 655 000	4 660 000	150 382	(4 509 618)	35 806
Sport and recreation	570 000	2 053 565	2 623 565	2 605 782	(17 783)	1 561 794
Public safety	700 000	(209 000)	491 000	475 206	(15 794)	5 618
Housing	1 528 184	3 000 000	4 528 184	1 288 914	(3 239 270)	-
Economic and environmental services						
Planning and development	4 095 806	412 174	4 507 980	2 699 013	(1 808 967)	368 937
Road transport	4 043 600	(2 743 600)	1 300 000	-	(1 300 000)	40 346
Trading services						
Energy sources	20 667 274	(2 087 964)	18 579 310	15 402 040	(3 177 270)	14 981 168
Water management	6 323 424	23 174 470	29 497 894	22 410 866	(7 087 028)	7 364 363
Waste water management	8 024 934	(1 817 348)	6 207 586	4 968 491	(1 239 095)	19 824 414
Waste management	2 000 000	2 849 050	4 849 050	2 849 049	(2 000 001)	23 522
Total Capital Expenditure - Standard	51 261 562	26 396 347	77 657 909	53 246 604	(24 411 305)	44 451 219
FUNDING SOURCES						
National Government	32 286 957	23 094 782	55 381 739	45 631 826	(9 749 913)	42 236 784
Provincial Government	5 000	3 155 000	3 160 000	-	(3 160 000)	-
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-
Transfers recognised - capital	32 291 957	26 249 782	58 541 739	45 631 826	(12 909 913)	42 236 784
Borrowing	15 634 365	(4 834 365)	10 800 000	150 382	(10 649 618)	-
Internally generated funds	3 335 240	4 980 930	8 316 170	7 464 396	(851 774)	2 214 435
Total Capital Funding	51 261 562	26 396 347	77 657 909	53 246 604	(24 411 305)	44 451 219

CEDERBERG LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	47 216 637	(347 072)	46 869 565	47 817 985	948 419	45 968 054
Service charges	155 956 060	4 627 428	160 583 488	157 163 958	(3 419 530)	136 266 024
Other revenue	18 073 479	(4 969 712)	13 103 767	14 202 433	1 098 666	12 367 064
Government - operating	89 873 043	9 060 733	98 933 776	101 337 376	2 403 600	51 241 011
Government - capital	32 291 956	26 100 501	58 392 457	45 631 826	(12 760 631)	42 236 784
Interest	3 268 862	(2 420 605)	848 257	709 831	(138 427)	708 122
Payments						
Suppliers and employees	(299 214 785)	(15 424 373)	(314 639 158)	(309 825 430)	4 813 728	(235 294 320)
Finance charges	(3 970 371)	(195 650)	(4 166 021)	(4 758 298)	(592 277)	(5 422 493)
Transfers and grants	(883 826)	250 525	(633 301)	(243 742)	389 559	(489 056)
NET CASH FROM OPERATING ACTIVITIES	42 611 056	16 681 775	59 292 831	52 035 939	(7 256 892)	47 581 189
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	200 340	(11 840)	188 500	-	(188 500)	350 757
Decrease (increase) in non-current receivables	-	31 969	31 969	31 969	-	(31 969)
Payments						
Capital assets	(51 261 562)	(23 547 297)	(74 808 859)	(44 909 904)	29 898 955	(50 327 272)
NET CASH USED IN INVESTING ACTIVITIES	(51 061 222)	(23 527 169)	(74 588 391)	(44 877 935)	29 710 455	(50 008 484)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	15 634 365	(4 834 365)	10 800 000	-	(10 800 000)	-
Increase (decrease) in consumer deposits	53 011	156 764	209 775	221 372	11 597	209 775
Payments						
Repayment of borrowing	(5 179 091)	-	(5 179 091)	(5 314 123)	(135 031)	(4 717 482)
NET CASH FROM FINANCING ACTIVITIES	10 508 285	(4 677 601)	5 830 683	(5 092 751)	(10 923 434)	(4 507 708)
NET INCREASE/ (DECREASE) IN CASH HELD	2 058 118	(11 522 994)	(9 464 876)	2 065 253	11 530 129	(6 935 003)
Cash/cash equivalents at the year begin:	689 757	9 060 130	9 749 887	9 749 887	-	16 684 890
Cash/cash equivalents at the year end:	2 747 875	(2 462 864)	285 011	11 815 140	11 530 129	9 749 887



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