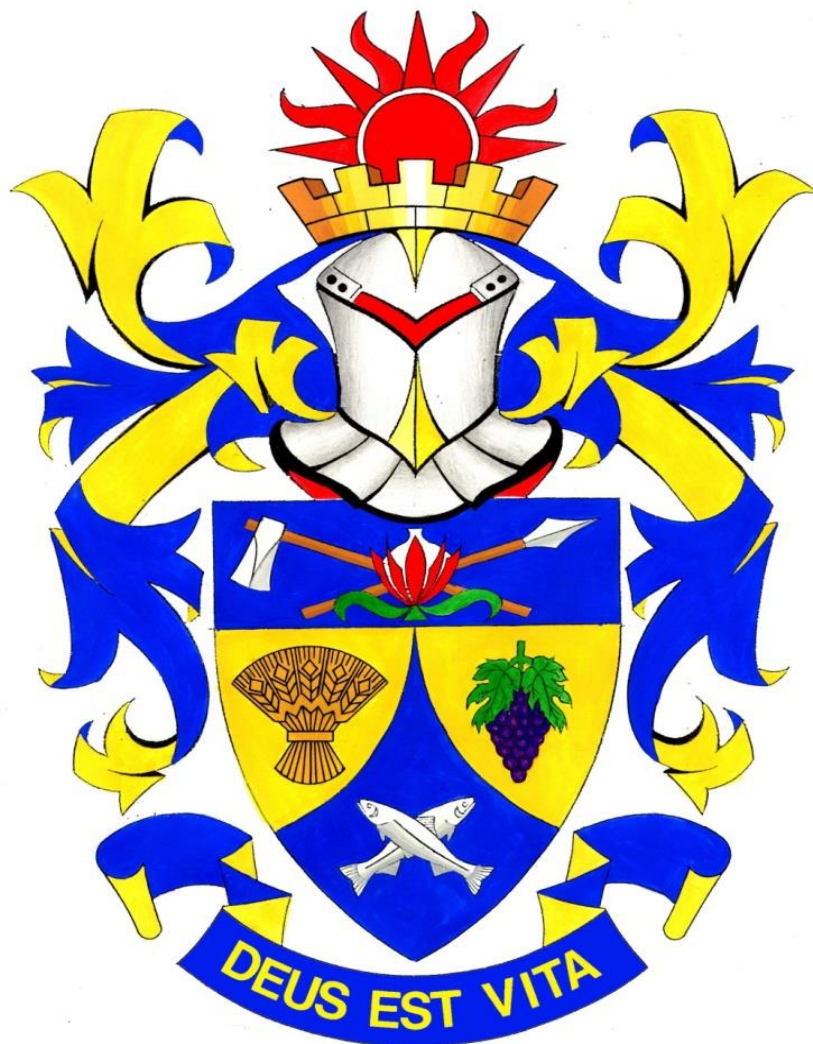


BERGRIVIER LOCAL MUNICIPALITY



AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2021



BERGRIVIER LOCAL MUNICIPALITY

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BERGRIVIER LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Bergrivier Local Municipality performs the functions as set out in the Constitution of South Africa, 1996

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act, 1998 (Act 117 of 1998).

JURISDICTION

The Bergrivier Local Municipality includes the following areas:

Piketberg	Eendekuil	Aurora
Porterville	Redelinghuys	Wittewater
Velddrif	Dwarskersbos	Goedverwacht

MEMBERS OF THE COUNCIL

Ward 1	CLlr J Daniels	
Ward 2	CLlr AJ du Plooy	
Ward 3	Ald A de Vries	
Ward 4	Ald RM van Rooy	
Ward 5	CLlr A van Wyk	
Ward 6	CLlr A Small	
Ward 7	Ald SM Crafford	
Proportional	CLlr SR Swartz	- inaugurated in February 2021
Proportional	CLlr MA Wessels	
Proportional	CLlr D De Bruin	
Proportional	Ald SIJ Smit	
Proportional	CLlr I Adams	
Proportional	CLlr SS Lesch	
Proportional	CLlr JC Botha	- deceased January 2021

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Ald RM van Rooy
Deputy Executive Mayor	Ald SM Crafford
Executive Councillor	CLlr AJ du Plooy
Executive Councillor	CLlr M Wessels

MUNICIPAL MANAGER

Adv. H Linde

CHIEF FINANCIAL OFFICER

Mr FM Lötter

AUDIT COMMITTEE

Mr CB de Jager (Chairperson)
Ms R Gani
Ms G Bolton
Mr DJ Miller
Mr B van Staaden

REGISTERED OFFICE

13 Church Street
Piketberg

POSTAL ADDRESS

PO Box 60
Piketberg
7320

BERGRIVIER LOCAL MUNICIPALITY

GENERAL INFORMATION

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

Nedbank Limited

ABSA Bank Limited (account was closed in May 2021)

ATTORNEYS

De Villiers Van Zyl

Swemmer & Levin

Fox en Cronje

Jacques Ehlers

RELEVANT LEGISLATION

Basic Conditions of Employment Act, 1997 (Act 75 of 1997)

Collective Agreements

Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993)

Division of Revenue Act

Electricity Act, 1987 (Act 41 of 1987)

Employment Equity Act, 1998 (Act 55 of 1998)

Employment Services, 2014 (Act 4 of 2014)

Housing Act, 1997 (Act 107 of 1997)

Labour Relations Act, 1995 (Act 66 of 1995)

Municipal Budget and Reporting Regulations

Municipal Finance Management Act, 2003 (Act 56 of 2003)

Municipal Planning and Performance Management Regulations

Municipal Property Rates Act, 2004 (Act 6 of 2004)

Municipal Regulations on a Standard Chart of Accounts, 2014

Municipal Structures Act, 1998 (Act 117 of 1998)

Municipal Systems Act, 2000 (Act 32 of 2000) as Amended

National Environmental Management Act, 2008 (Act 62 of 2008)

National Minimum Wage Act 9 of 2018

Occupational Health and Safety Act, 1993 (Act 85 of 1993)

Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)

Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)

SALGBC Leave Regulations

Skills Development Levies Act, 1999 (Act 9 of 1999)

Supply Chain Management Regulations, 2005

The Income Tax Act

Unemployment Insurance Act, 1966 (Act 30 of 1966)

Unemployment Insurance Contributions Act 4 of 2002

Value Added Tax Act

Water Services Act, 1997 (Act 108 of 1997)

BERGRIVIER 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 for the year ended 30 June 2021, which are set out on pages 1 to 89 in terms of Section 126 (1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) and which I have signed on behalf of the Municipality.

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

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

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

The external auditors are responsible for independently auditing 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 Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Adv. H Linde
Municipal Manager

31 August 2021
Date

BERGRIVIER LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2021 R (Actual)	2020 R (Restated)
ASSETS			
Current Assets			
		222 256 087	193 842 516
Cash and Cash Equivalents	2	141 645 797	101 812 433
Receivables from Exchange Transactions	3	46 662 146	54 009 062
Receivables from Non-Exchange Transactions	4	30 316 239	35 844 029
Operating Lease Asset	6	31 028	47 768
Current Portion of Long-term Receivables	7	2 516 338	5 512
Inventory	8	1 084 539	2 123 712
Non-Current Assets			
		478 248 815	424 374 578
Long-term Receivables	7	4 429 997	300 961
Investment Property	9	14 902 889	14 926 604
Property, Plant and Equipment	10	454 653 714	404 537 663
Intangible Assets	11	3 808 203	4 155 338
Heritage Assets	12	454 012	454 012
Total Assets		700 504 903	618 217 094
Current Liabilities			
		70 043 205	59 332 788
Current Portion of Long-term Liabilities	13	7 879 478	6 072 464
Consumer Deposits	14	4 319 428	3 884 891
Payables from Exchange Transactions	15	32 464 401	29 671 389
Taxes	5	1 049 095	557 060
Unspent Conditional Government Grants	16	8 752 963	5 032 906
Operating Lease Liability	6	2 211	13 211
Current Employee Benefits	17	15 575 629	14 100 867
Non-Current Liabilities			
		190 737 563	157 350 907
Long-term Liabilities	13	60 841 281	53 520 779
Employee Benefits	18	38 717 000	33 398 000
Non-Current Provisions	19	91 179 282	70 432 128
Total Liabilities		260 780 768	216 683 695
NET ASSETS		439 724 135	401 533 399
COMMUNITY WEALTH			
Accumulated Surplus		408 615 063	370 424 327
Capital Replacement Reserve	20	30 848 500	30 848 500
Housing Development Fund	20	260 572	260 572
		439 724 135	401 533 399

BERGRIVIER LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R (Actual)	2020 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		200 818 312	180 842 096
Taxation Revenue		79 313 260	74 039 877
Property Rates	21	79 313 260	74 039 877
Transfer Revenue		99 508 775	80 307 345
Government Grants and Subsidies - Operating	22	70 020 927	60 114 535
Government Grants and Subsidies - Capital	22	19 792 815	20 192 811
Contributed Assets	23	9 695 034	-
Other Revenue		21 996 277	26 494 874
Insurance Refund		251 809	16 699
Fines, penalties and forfeits	24	21 744 468	18 020 700
Actuarial Gains	25	-	8 457 475
REVENUE FROM EXCHANGE TRANSACTIONS		219 299 490	212 852 494
Operating Activities		219 299 490	212 852 494
Service Charges	26	195 726 102	181 434 786
Rental of Facilities and Equipment	27	4 292 426	4 855 379
Interest Earned - external investments		5 663 349	7 688 308
Interest Earned - outstanding debtors		4 941 766	7 863 360
Licences and Permits		94 336	83 329
Agency Services	28	4 707 682	3 676 808
Other Income	29	3 873 829	2 072 983
Gain on disposal of Non-Monetary Assets	41	-	5 177 542
CONSTRUCTION CONTRACTS	30	4 865 154	3 863 185
TOTAL REVENUE		424 982 957	397 557 775
EXPENDITURE			
Employee Related Costs	31	134 976 575	130 947 771
Remuneration of Councillors	32	6 654 639	6 669 207
Debt Impairment	33	33 165 607	34 680 078
Depreciation and Amortisation	34	22 260 778	19 083 443
Finance Charges	35	15 441 561	15 796 125
Bulk Purchases	36	105 128 105	96 817 583
Contracted Services	37	24 020 376	20 711 772
Transfers and Grants	38	5 504 853	6 088 217
Other Expenditure	39	35 279 271	34 575 949
Actuarial Losses	40	2 135 498	-
Loss on disposal of Non-Monetary Assets	41	2 224 958	-
TOTAL EXPENDITURE		386 792 222	365 370 147
NET SURPLUS FOR THE YEAR		38 190 735	32 187 628

BERGRIVIER LOCAL MUNICIPALITY

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

	CAPITAL REPLACEMENT RESERVE R	HOUSING DEVELOPMENT FUND R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2019 - Previously Reported	30 848 500	260 572	333 313 735	364 422 807
Correction of error restatement - note 42.4	-	-	4 922 963	4 922 963
Balance on 30 June 2019 - Restated	30 848 500	260 572	338 236 699	369 345 771
Net Surplus for the year	-	-	32 187 628	32 187 628
Transfer to Capital Replacement Reserve	14 438 924	-	(14 438 924)	-
Property, Plant and Equipment purchased	(14 438 924)	-	14 438 924	-
Balance on 30 June 2020 - Restated	30 848 500	260 572	370 424 327	401 533 399
Net Surplus for the year	-	-	38 190 736	38 190 736
Transfer to Capital Replacement Reserve	15 655 740	-	(15 655 740)	-
Property, Plant and Equipment purchased	(15 655 740)	-	15 655 740	-
Balance on 30 June 2021	30 848 500	260 572	408 615 063	439 724 135

BERGRIVIER LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R (Actual)	2020 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		78 216 702	67 655 439
Service Charges and Interest on outstanding Debtors		192 602 331	173 840 914
Other Revenue		22 569 811	17 330 508
Government Grants		93 533 798	84 148 710
Investment Income		5 663 349	7 688 308
Consumer Deposits		434 536	220 007
Payments			
Suppliers and employees		(303 115 204)	(270 098 685)
Finance charges		(6 568 710)	(6 528 379)
Transfer and Grants		(5 504 853)	(6 088 217)
NET CASH FROM OPERATING ACTIVITIES	43	77 831 760	68 168 604
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Non-Monetary Assets		751 135	5 550 000
Payments			
Purchase of Property, Plant and Equipment		(47 877 047)	(44 060 933)
Purchase of Intangible Assets		-	(683 115)
NET CASH USED INVESTING ACTIVITIES		(47 125 912)	(39 194 048)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		15 200 000	6 550 000
Payments			
Loans repaid		(6 072 485)	(5 150 227)
NET CASH FROM FINANCING ACTIVITIES		9 127 515	1 399 773
NET INCREASE IN CASH HELD			
Cash and Cash Equivalents at the beginning of the year		101 812 433	71 438 105
Cash and Cash Equivalents at the end of the year		141 645 797	101 812 433

BERGRIVIER LOCAL MUNICIPALITY

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

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Cash	11 192 966	34 309 927	45 502 893	9 071 781	(36 431 112)
Call investment deposits	50 000 000	-	50 000 000	132 574 016	82 574 016
Consumer debtors	81 025 722	386 345	81 412 067	69 397 709	(12 014 358)
Other Receivables	7 330 311	1 906 209	9 236 520	7 611 704	(1 624 816)
Current portion of long-term receivables	172 706	(167 194)	5 512	2 516 338	2 510 826
Inventory	2 330 233	(206 521)	2 123 712	1 084 539	(1 039 172)
Total current assets	152 051 938	36 228 766	188 280 704	222 256 087	33 975 383
Non current assets					
Long-term receivables	445 778	(144 817)	300 961	4 429 997	4 129 036
Investment property	16 277 461	(1 228 254)	15 049 207	14 902 889	(146 318)
Property, plant and equipment	415 981 093	7 221 389	423 202 481	454 653 714	31 451 233
Intangible Assets	3 375 925	420 856	3 796 781	3 808 203	11 422
Other non-current assets	504 012	(50 000)	454 012	454 012	-
Total non current assets	436 584 269	6 219 173	442 803 442	478 248 815	35 445 373
TOTAL ASSETS	588 636 207	42 447 939	631 084 146	700 504 903	69 420 756
LIABILITIES					
Current liabilities					
Borrowing	7 205 500	227 016	7 432 516	7 879 478	446 961
Consumer deposits	4 016 048	88 844	4 104 891	4 319 428	214 537
Trade and other payables	16 051 410	19 504 309	35 555 719	42 268 670	6 712 951
Provisions and Employee Benefits	14 519 467	541 151	15 060 617	15 575 629	515 012
Total current liabilities	41 792 425	20 361 319	62 153 744	70 043 205	7 889 461
Non current liabilities					
Borrowing	62 041 838	90 180	62 132 018	60 841 281	(1 290 737)
Provisions and Employee Benefits	116 688 980	(11 295 530)	105 393 449	129 896 281	24 502 832
Total non current liabilities	178 730 818	(11 205 350)	167 525 468	190 737 563	23 212 095
TOTAL LIABILITIES	220 523 242	9 155 969	229 679 211	260 780 768	31 101 556
NET ASSETS	368 112 964	33 291 970	401 404 935	439 724 135	38 319 200
COMMUNITY WEALTH					
Accumulated Surplus	323 435 392	42 489 470	365 924 863	408 615 063	42 690 200
Reserves	44 677 572	(9 197 500)	35 480 072	31 109 072	(4 371 000)
TOTAL COMMUNITY WEALTH/EQUITY	368 112 964	33 291 970	401 404 935	439 724 135	38 319 200

Refer to note 45.2 for explanations of material variances.

Material variances are considered to be any variances greater than R3.8 million.

BERGRIVIER LOCAL MUNICIPALITY

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

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
Property Rates	77 766 345	101 600	77 867 945	79 313 260	1 445 315
Service Charges - Electricity Revenue	128 740 766	(500 000)	128 240 766	125 117 662	(3 123 104)
Service Charges - Water Revenue	28 134 502	320 000	28 454 502	31 979 550	3 525 048
Service Charges - Sanitation Revenue	13 708 000	360 000	14 068 000	14 494 406	426 406
Service Charges - Refuse Revenue	22 415 000	407 000	22 822 000	24 134 484	1 312 484
Rental of Facilities and Equipment	1 385 000	108 650	1 493 650	4 292 426	2 798 776
Interest Earned - External Investments	5 145 000	(350 000)	4 795 000	5 663 349	868 349
Interest Earned - Outstanding Debtors	7 460 000	(2 000 000)	5 460 000	4 941 766	(518 234)
Fines	2 044 000	20 161 000	22 205 000	21 744 468	(460 532)
Licences and Permits	49 000	21 000	70 000	94 336	24 336
Agency Services	4 732 000	(105 000)	4 627 000	4 707 682	80 682
Transfers Recognised - Operational	68 914 304	6 244 913	75 159 217	70 020 927	(5 138 290)
Other Revenue	4 073 000	1 075 500	5 148 500	8 990 792	3 842 292
Gain on disposal of PPE	-	-	-	-	-
Total Revenue (excluding capital transfers)	364 566 917	25 844 663	390 411 580	395 495 108	5 083 528
EXPENDITURE					
Employee Related Costs	133 996 164	4 360 687	138 356 851	134 976 575	(3 380 276)
Remuneration of Councillors	7 010 500	-	7 010 500	6 654 639	(355 861)
Debt Impairment	26 852 000	14 137 500	40 989 500	33 165 607	(7 823 893)
Depreciation and Asset Impairment	23 628 000	(329 000)	23 299 000	22 260 778	(1 038 222)
Finance Charges	16 675 583	(553 083)	16 122 500	15 441 561	(680 939)
Bulk Purchases	102 198 000	470 000	102 668 000	105 128 105	2 460 105
Other Materials	11 238 915	1 208 041	12 446 956	-	(12 446 956)
Contracted Services	22 732 165	5 559 279	28 291 444	24 020 376	(4 271 068)
Transfers and Grants	4 576 160	1 344 950	5 921 110	5 504 853	(416 257)
Other Expenditure	29 686 365	912 666	30 599 031	37 414 769	6 815 738
Loss on disposal of PPE	-	-	-	2 224 958	2 224 958
Total Expenditure	378 593 852	27 111 040	405 704 892	386 792 222	(18 912 670)
Surplus/(Deficit)	(14 026 935)	(1 266 377)	(15 293 312)	8 702 886	23 996 198
Transfers and subsidies - capital (monetary) - Government	15 769 696	5 591 373	21 361 069	19 792 815	(1 568 254)
Transfers and subsidies - capital (monetary) - Other Grant Providers	-	937 000	937 000	-	(937 000)
Transfers and subsidies - capital (in-kind)	-	-	-	9 695 034	9 695 034
Surplus/(Deficit) for the year	1 742 761	5 261 996	7 004 757	38 190 735	31 185 978

Refer to note 45.3 for explanations of material variances.

Material variances are considered to be any variances greater than R3.8 million.

BERGRIVIER LOCAL MUNICIPALITY

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

	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	70 469 614	4 773 230	75 242 844	78 216 702	2 973 859
Service charges	177 283 525	479 560	177 763 085	192 602 331	14 839 246
Other revenue	10 502 000	4 525 150	15 027 150	22 569 811	7 542 661
Government Grants	84 684 000	12 110 541	96 794 541	93 533 798	(3 260 743)
Interest	7 756 000	(1 319 167)	6 436 833	5 663 349	(773 484)
Payments					
Suppliers and Employees	(305 689 415)	(12 957 617)	(318 647 032)	(303 115 204)	15 531 828
Finance Charges	(6 841 500)	-	(6 841 500)	(6 568 710)	272 790
Transfers and Grants	(4 576 160)	(1 344 950)	(5 921 110)	(5 504 853)	416 257
Net Cash from/(used) Operating Activities	33 588 064	6 266 747	39 854 811	77 397 224	37 542 414
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	-	-	751 135	751 135
Payments					
Capital Assets	(43 336 196)	(13 019 446)	(56 355 642)	(47 877 047)	8 478 595
Net Cash from/(used) Investing Activities	(43 336 196)	(13 019 446)	(56 355 642)	(47 125 912)	9 229 730
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Borrowing long term/refinancing	15 200 000	843 755	16 043 755	15 200 000	(843 755)
Increase/(Decrease) in Consumer Deposits	212 560	7 440	220 000	434 535	214 535
Payments					
Repayment of Borrowing	(6 020 500)	(51 964)	(6 072 464)	(6 072 485)	(21)
Net Cash from/(used) Financing Activities	9 392 060	799 231	10 191 291	9 562 050	(629 241)
NET INCREASE/(DECREASE) IN CASH HELD	(356 073)	(5 953 468)	(6 309 540)	39 833 362	46 142 902
Cash and Cash Equivalents at the year begin	61 549 039	40 263 395	101 812 433	101 812 433	-
Cash and Cash Equivalents at the year end	61 192 966	34 309 927	95 502 893	141 645 797	46 142 904

Refer to note 45.4 for explanations of material variances.

Material variances are considered to be any variances greater than R3.8 million.

BERGRIVIER LOCAL MUNICIPALITY

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

1.00 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.

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.

BERGRIVIER LOCAL MUNICIPALITY

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

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

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

1.06 MATERIALITY

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

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

1.07 BUDGET INFORMATION

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

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

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

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

1.08.1 Effective dates determined

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

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

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

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

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

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

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

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

1.08.2 Effective dates not yet determined

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

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

1.08.2.1 GRAP 104 (Revised 2019) - Financial Instruments

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

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

1.08.2.2 GRAP 25 (Revised 2021) - Employee Benefits

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

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

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

This Interpretation addresses the following:

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

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

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

1.09 RESERVES

1.09.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

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

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

1.09.2 Housing Development Fund (HDF)

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

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

- (a) The HDF is fully cash-backed.
- (b) The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy and also for housing development projects approved by the MEC for Human Settlements.
- (c) Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.

1.10 INVESTMENT PROPERTY

1.10.1 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.

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.

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1.10.2 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.

1.10.3 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
Land	N/A
Buildings	5 - 100

1.10.4 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.

1.10.5 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.

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 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.

1.11.2 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.

1.11.3 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		Leased Assets	
Land	N/A	Furniture and Office Equipment	2 - 5
Buildings	5 - 100	Community Assets	
Work in progress	N/A	Community Facilities	5 - 50
Infrastructure		Sport and Recreational Facilities	5 - 50
Electrical	5 - 50	Work in progress	N/A
Roads	5 - 50	Other Assets	
Sanitation	5 - 100	Computer Equipment	3 - 15
Solid Waste	3 - 50	Furniture and Office Equipment	5 - 30
Storm Water	5 - 50	Machinery and Equipment	2 - 30
Water Supply	3 - 100	Transport Assets	2 - 30
Work in progress	N/A		

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

1.11.4 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.

1.11.5 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.

1.12 INTANGIBLE ASSETS

1.12.1 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.

1.12.2 Subsequent Measurement - Cost Model

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

1.12.3 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	5 - 15

1.12.4 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.

1.12.5 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.

1.13 HERITAGE ASSETS

1.13.1 Initial Recognition

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

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

Heritage assets are initially recognised at cost on its acquisition date. The cost of heritage assets 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 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 a heritage 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.

1.13.2 Subsequent Measurement – Cost Model

Heritage assets are carried at its cost less any accumulated impairment losses.

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1.13.3 Depreciation

Heritage assets are not depreciated.

1.13.4 Impairment

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

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

1.13.5 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset.

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

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

1.14 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 used with the 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.

1.14.1 Recoverable amount of Cash-generating assets

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

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

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

1.14.2 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.

1.14.3 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.

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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.

1.14.4 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.

1.15 INVENTORIES

1.15.1 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.

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.

1.15.2 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.

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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.

1.16 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.

1.16.1 Post-Retirement Benefits

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

1.16.1.1 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.

1.16.1.2 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% (70% for employment prior to 1 October 2018) as contribution and the remaining 40% (30% for employment prior to 1 October 2018) is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

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

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.16.2 Long-term Benefits

1.16.2.1 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.

BERGRIVIER LOCAL MUNICIPALITY

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

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.

1.16.3 Short-term Benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- (a) Wages, salaries and social security contributions;
- (b) Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service; and
- (c) non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

- (a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- (b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset

1.16.3.1 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.

1.16.3.2 Bonuses

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

1.17 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.

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.

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

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.

1.18 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.

1.18.1 Municipality as Lessee

1.18.1.1 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.

1.18.1.2 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.

1.18.2 Municipality as Lessor

1.18.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

1.18.2.2 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.

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

1.19 FINANCIAL INSTRUMENTS

1.19.1 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.

1.19.2 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.

1.19.3 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.

1.19.3.1 Financial assets measured at amortised cost

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

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

1.19.3.2 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.

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

1.19.4 Derecognition of financial instruments

1.19.4.1 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.

1.19.4.2 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.

1.19.5 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.

1.20 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.

1.20.1 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.

1.20.2 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.

1.20.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

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

1.20.4 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.

1.21 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.

1.22 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.

1.23 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.

1.24 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.

1.25 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.

BERGRIVIER LOCAL MUNICIPALITY

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

1.26 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.

1.27 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.

1.27.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.27.1.1 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.

1.27.1.2 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.

1.27.1.3 Fines

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

1.27.1.4 Insurance Refund

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

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

1.27.1.5 Unclaimed deposits

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

1.27.1.6 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

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

1.27.1.7 Services in-kind

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

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

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

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

1.27.1.8 Contributed Assets

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

1.27.2 Revenue from Exchange Transactions

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

1.27.2.1 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.

1.27.2.2 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.

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

1.27.2.3 Rental income

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

1.27.2.4 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.

1.27.2.5 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.

1.27.2.6 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.

1.27.2.7 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.

1.27.3 Construction Contracts

Contractor is an entity that performs construction work pursuant to a construction contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The Municipality participates as a non-accredited municipality in the National Housing Programme. The Municipality's roles and responsibilities in the housing development process are set out in the binding arrangements entered into with the provincial Department of Human Settlements. The Municipality assesses the terms and conditions of each contract concluded with the provincial Department of Human Settlements to establish whether the contract is a construction contract or not.

The Accounting Standards Board (ASB) issued a *Guideline on accounting for arrangements undertaken in terms of the National Housing Programme*. The guideline makes a distinction between a project manager and a project developer.

Where the Municipality is appointed as the project manager, it will assist with the process of appointing a contractor to construct houses on behalf of the provincial Department of Human Settlements. The responsibility of appointment and payment of the contractors ultimately vest with the provincial Department of Human Settlements.

Where the Municipality is appointed as the project developer, it will take on the responsibility for the construction of the houses. As project developer the Municipality will appoint contractors and will make payments for work completed on meeting milestones agreed between itself and the contractor.

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In general, where the Municipality is appointed as the project manager, it will act as an agent for the provincial Department of Human Settlements. Where the Municipality is appointed as the project developer, it is considered that the Municipality has entered into a construction contract with the provincial Department of Human Settlements.

The binding agreements entered into with the provincial Department of Human Settlements are non-commercial fixed price contracts. The objective of the arrangements is to construct low cost houses for the beneficiaries of the National Housing Programme in return for full reimbursement of costs from the Department through a housing grant or subsidy.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for the work performed to date bear to the estimate total contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs shall be recognised as an expense in the period in which they are incurred.

1.28 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.

1.29 SERVICE CONCESSION ARRANGEMENTS

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator, which in this case will be the Municipality.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- (a) is provided by the operator which:
 - the operator constructs, develops, or acquires from a third party; or
 - is an existing asset of the operator; or
- (b) is provided by the grantor which:
 - is an existing asset of the grantor; or
 - is an upgrade to an existing asset of the grantor.

The Municipality recognises an asset provided by the operator and an upgrade to an existing asset of the Municipality, as a service concession asset if the Municipality controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the Municipality controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the Municipality recognises a service concession asset, and the asset is not an existing asset of the Municipality (grantor), the Municipality (grantor) also recognises a liability.

The Municipality does not recognise a liability when an existing asset of the Municipality is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

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The Municipality initially measures the service concession asset as follows:

- (a) Where the asset is not an existing asset of the Municipality, the asset is measured at its fair value.
- (b) Where the asset is an existing asset of the Municipality and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The Municipality initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the Municipality to the operator, or from the operator to the Municipality.

Where the Municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the Municipality accounts for the liability as a financial liability.

The Municipality allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the Entity to the operator is determined using estimation techniques.

Where the Municipality does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the Municipality accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the Municipality and the operator.

The Municipality recognises revenue and reduces the liability according to the substance of the service concession arrangement.

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

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

The Municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

1.30 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure 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.

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

1.32 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

1.34 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.

1.35 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.

1.36 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.

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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.

1.37 ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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1.38 LIVING AND NON-LIVING RESOURCES

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

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

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

1.39 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.

1.40 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:

1.40.1 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 on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

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

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GRAP implementation date for the Municipality is 1 July 2007 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2007 to the current year's reported date. Where the economic useful life of an items 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.

1.40.2 Impairment of Receivables

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

1.40.3 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.

1.40.4 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.

1.40.5 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.

1.40.6 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.

1.40.7 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.

1.40.8 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.

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

1.40.9 Revenue Recognition

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

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

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

1.40.10 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.

1.40.11 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 ENDED 30 JUNE 2021

Figures in Rand

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CASH AND CASH EQUIVALENTS

	2021	2020
Bank Accounts	9 051 931	41 635 098
Call Investment Deposits	132 574 016	60 159 485
Cash Floats	19 850	17 850
Total	141 645 797	101 812 433

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 commitments:

Unspent Conditional Grants	8 752 963	5 032 906
Unspent Borrowings	1 540 000	345 000
Capital Replacement Reserve	30 848 500	30 848 500
Cash portion of Housing Development Fund	260 572	260 572
Department of Human Settlements	790 997	1 306 167
Cash available for working capital requirements	99 452 764	64 019 288
Total Cash and Cash Equivalents	141 645 797	101 812 433

Bank Accounts

ABSA Bank Limited - Account number 11-8056-0153 (Primary Bank Account)	-	2 040 810
ABSA Bank Limited - Account number 91-2510-9603 (Traffic Account)	-	-
Nedbank Limited - Account number 11-6976-1380 (Primary Bank Account)	9 051 931	39 594 288
Nedbank Limited - Account number 11-6976-1402 (Traffic Account)	-	-
Total	9 051 931	41 635 098

Bank accounts consists out of the following accounts:

ABSA Bank Limited - Account number 11-8056-0153 (Primary Bank Account)

Cash book balance at beginning of year	2 040 810	9 981 571
Cash book balance at end of year	-	2 040 810
Bank statement balance at beginning of year	2 040 810	9 981 571
Bank statement balance at end of year	-	2 040 810

Account was closed after year-end (23 August 2021)

ABSA Bank Limited - Account number 91-2510-9603 (Traffic Account)

Cash book balance at beginning of year	-	70 843
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	70 843
Bank statement balance at end of year	-	-

Account was closed during 2019/20

Nedbank Limited - Account number 11-6976-1380 (Primary Bank Account)

Cash book balance at beginning of year	39 594 288	54 340 183
Cash book balance at end of year	9 051 931	39 594 288
Bank statement balance at beginning of year	39 114 846	53 875 457
Bank statement balance at end of year	8 478 144	39 114 846

Nedbank Limited - Account number 11-6976-1402 (Traffic Account)

Cash book balance at beginning of year	-	176 946
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	176 946
Bank statement balance at end of year	-	-

Account is cleared on a monthly basis to Nedbank Primary Bank Account.

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2020

2 CASH AND CASH EQUIVALENTS (CONTINUED)

Call Investment Deposits

Call investment deposits consist out of the following accounts:

ABSA	- Fixed Deposit	- Account Number 20-7924-5251	-	30 079 742
NEDBANK	- Fixed Deposit	- Account Number 03/7881004312/000042	-	30 079 742
ABSA	- Call Account	- Account Number 93-6177-2313	61 422 328	-
NEDBANK	- Fixed Deposit	- Account Number 03/7881004312/000043	30 607 167	-
NEDBANK	- Fixed Deposit	- Account Number 03/7881004312/000044	30 409 479	-
STANDARD BANK	- Fixed Deposit	- Account Number 00078722675008	10 135 041	-
Total			132 574 016	60 159 485

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

Electricity	17 891 900	20 050 108
Water	15 066 005	17 986 689
Refuse	19 258 674	23 991 115
Sewerage	12 570 204	15 622 287
Interest	14 487 130	14 819 172
Other	5 978 294	8 535 378

Total Gross Balance

85 252 207 101 004 750

Less: Allowance for Debt Impairment

(38 590 061) (46 995 688)

Total Net Receivable

46 662 146 54 009 062

As previously reported

54 026 839

Correction of error restatement - note 42.1

(17 777)

Restated balance

54 009 062

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.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year

46 995 688 33 968 806

Movement in the contribution to the provision

5 143 861 16 846 445

Electricity	(259 005)	1 709 178
Water	207 283	3 600 676
Refuse	1 942 794	4 419 605
Sewerage	1 003 170	2 978 999
Interest	1 882 515	3 010 138
Other	367 104	1 127 850

Bad Debts Written off

(13 549 487) (3 819 564)

Electricity	(186 800)	(67 877)
Water	(2 925 810)	(782 087)
Refuse	(4 767 584)	(1 027 285)
Sewerage	(3 070 091)	(639 572)
Interest	(1 139 827)	(477 364)
Other	(1 459 375)	(825 379)

Balance at the end of the year

38 590 061 46 995 688

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.

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RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	2021	2020	
	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2021			
Service Receivables			
Electricity	17 891 900	(3 624 179)	14 267 721
Water	15 066 005	(7 223 785)	7 842 221
Refuse	19 258 674	(10 910 963)	8 347 711
Sewerage	12 570 204	(6 508 099)	6 062 105
Interest	14 487 130	(8 174 107)	6 313 023
Other	5 978 294	(2 148 930)	3 829 365
Total	85 252 207	(38 590 062)	46 662 146
30 June 2020			
Service Receivables			
Electricity	20 050 108	(4 069 984)	15 980 125
Water	17 986 689	(9 942 312)	8 044 377
Refuse	23 991 115	(13 735 752)	10 255 362
Sewerage	15 622 287	(8 575 020)	7 047 267
Interest	14 819 172	(7 431 420)	7 387 753
Other	8 535 378	(3 241 201)	5 294 178
Total	101 004 750	(46 995 689)	54 009 062
Ageing of Receivables from Exchange Transactions			
Electricity			
Current (0 - 30 days)		8 433 371	8 512 951
Past Due (31 - 60 Days)		949 721	1 323 854
Past Due (61 - 90 Days)		418 485	806 563
Past Due (90 Days +)		8 090 324	9 406 741
Total		17 891 900	20 050 108
Water			
Current (0 - 30 days)		3 605 541	2 697 711
Past Due (31 - 60 Days)		1 273 734	2 163 370
Past Due (61 - 90 Days)		801 184	616 591
Past Due (90 Days +)		9 385 546	12 509 017
Total		15 066 005	17 986 689
Refuse			
Current (0 - 30 days)		2 260 908	2 116 419
Past Due (31 - 60 Days)		1 107 065	1 259 642
Past Due (61 - 90 Days)		770 235	867 040
Past Due (90 Days +)		15 120 466	19 748 014
Total		19 258 674	23 991 115
Sewerage			
Current (0 - 30 days)		1 344 254	1 287 116
Past Due (31 - 60 Days)		706 193	763 720
Past Due (61 - 90 Days)		508 116	560 011
Past Due (90 Days +)		10 011 642	13 011 440
Total		12 570 204	15 622 287

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	2021	2020
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Interest		
Current (0 - 30 days)	486 938	578 210
Past Due (31 - 60 Days)	466 513	557 418
Past Due (61 - 90 Days)	472 894	619 353
Past Due (90 Days +)	13 060 786	13 064 192
Total	14 487 130	14 819 172
Other		
Current (0 - 30 days)	1 774 099	3 304 778
Past Due (31 - 60 Days)	55 547	162 642
Past Due (61 - 90 Days)	45 182	36 672
Past Due (90 Days +)	4 103 467	5 031 286
Total	5 978 294	8 535 378
Summary Ageing of all Receivables from Exchange Transactions		
Current (0 - 30 days)	17 905 110	18 497 184
Past Due (31 - 60 Days)	4 558 771	6 230 647
Past Due (61 - 90 Days)	3 016 096	3 506 229
Past Due (90 Days +)	59 772 230	72 770 690
Total	85 252 207	101 004 750
4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Service Receivables		
Property Rates	40 841 509	40 281 980
Other Receivables	34 010 362	31 209 414
Unpaid Traffic Fines	24 597 230	19 998 412
Sundry Receivables	3 779 912	4 195 358
Unpaid Grants	97 000	210 815
Fraud Investigations	5 536 220	6 804 828
Total Gross Balance	74 851 871	71 491 394
Less: Allowance for Debt Impairment	(44 535 632)	(35 647 365)
Total Net Receivable	30 316 239	35 844 029

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.

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4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Reconciliation of Allowance for Debt Impairment

	2021	2020
Balance at the beginning of the year	35 647 365	23 292 178
Movement in the contribution to the provision	23 556 923	19 208 848
Property Rates	5 016 271	1 890 946
Unpaid Traffic Fines	16 487 861	13 490 267
Sundry Receivables	1 346 499	529 216
Unpaid Grants	113 815	-
Fraud Investigations	592 477	3 298 419
Bad Debts Written off	(14 668 656)	(6 853 662)
Property Rates	(537 029)	(225 612)
Unpaid Traffic Fines	(12 142 097)	(6 628 050)
Sundry Receivables	(1 875 715)	-
Unpaid Grants	(113 815)	-
Balance at the end of the year	44 535 632	35 647 365

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.

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

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2021			
Service Receivables			
Property Rates	40 841 509	(18 105 946)	22 735 563
Other Receivables			
Unpaid Traffic Fines	24 597 230	(22 538 790)	2 058 440
Sundry Receivables	3 779 912	-	3 779 912
Unpaid Grants	97 000	-	97 000
Fraud Investigations	5 536 220	(3 890 896)	1 645 324
Total	74 851 871	(44 535 632)	30 316 239
30 June 2020			
Service Receivables			
Property Rates	40 281 980	(13 626 703)	26 655 277
Other Receivables			
Unpaid Traffic Fines	19 998 412	(18 193 026)	1 805 386
Sundry Receivables	4 195 358	(529 216)	3 666 142
Unpaid Grants	210 815	-	210 815
Fraud Investigations	6 804 828	(3 298 419)	3 506 409
Total	71 491 394	(35 647 365)	35 844 029

Ageing of Property Rates

Current (0 - 30 days)	5 856 314	5 502 067
Past Due (31 - 60 Days)	1 855 196	2 497 537
Past Due (61 - 90 Days)	1 029 371	1 345 913
Past Due (90 Days +)	32 100 629	30 936 463
Total	40 841 509	40 281 980

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	2021	2020
5 TAXES		
VAT Claimable/(Payable)	805 902	2 751 183
VAT Input in Suspense	2 113 499	(44 904)
VAT Output in Suspense - net	(3 968 496)	(3 263 339)
VAT Output in Suspense	(8 050 139)	(8 181 076)
Less: VAT on Allowance for Debt Impairment	4 081 643	4 917 737
Total	(1 049 095)	(557 060)
As previously reported		(563 959)
Correction of error restatement - note 42.1		6 899
Restated balance		(557 060)
Reconciliation of VAT on Allowance for Debt Impairment		
Balance at beginning of year	4 917 737	3 542 521
Increase/(decrease) in debt impairment contribution	(836 094)	1 375 216
Balance at the end of the year	4 081 643	4 917 737
6 OPERATING LEASES		
6.1 OPERATING LEASE ASSET		
Operating Lease Asset	31 028	47 768
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	47 768	23 146
Movement during the year	(16 740)	24 622
Balance at the end of the year	31 028	47 768
The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.		
Within 1 Year	906 959	78 301
Between 1 and 5 Years	3 251 273	61 625
After 5 Years	3 085 947	3 000
Total operating lease payments	7 244 179	142 926
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. The renewal option after lapsing of the contracts are available. Significant lease agreements include, but are not limited to the following:		
- Lease of Piketberg commonage for a period of 9 years and 11 months ending 28 February 2030 with no annual escalation.		
- Lease of houses on Erf 486 Velddrif for period of 3 years ending 31 March 2024, with an annual escalation of 10%.		
The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.		

BERGRIVIER LOCAL MUNICIPALITY

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

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6 OPERATING LEASES (CONTINUED)

6.2 OPERATING LEASE LIABILITY

Operating Lease Liability

2 211

13 211

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

13 211

10 790

Movement during the year

(11 000)

2 421

Balance at the end of the year

2 211

13 211

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

Within 1 Year

32 439

192 368

Between 1 and 5 Years

-

32 439

After 5 Years

-

-

Total operating lease payments

32 439

224 807

Operating leases consist out of the following leases:

- Lease of office space for a period of 36 months (ending August 2021) with an escalation of 7.5% per annum. This contract was extended after year-end for an additional lease term of 6 years and 11 months. The future lease payments pertaining to the extension is calculated at R1 743 157.

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

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

7 LONG-TERM RECEIVABLES

Receivables with repayment arrangements

10 363 273

94 681

Individual Housing Loans

-

211 792

Total Gross Balance

10 363 273

306 473

Less: Allowance for Debt Impairment

(3 416 938)

-

Total Net Receivable

6 946 335

306 473

Less: Current portion of Long-term Receivables

2 516 338

5 512

Receivables with repayment arrangements

2 516 338

5 512

Total

4 429 997

300 961

Receivables with repayment arrangements

Debtors amounting to R10 363 273 (2020 - R94 681) have arranged to settle their account over an re-negotiated period. Total payments to the value of R6 750 651 (2020 - R89 169) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

Individual Housing Loans

The loans were granted to facilitate housing schemes in the municipal area.

BERGRIVIER LOCAL MUNICIPALITY

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

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	2021	2020
7 LONG-TERM RECEIVABLES (CONTINUED)		
Reconciliation of Allowance for Debt Impairment		
Balance at the beginning of the year	-	-
Movement in the contribution to the provision	3 628 730	-
Bad Debts Written off	(211 792)	
Balance at the end of the year	3 416 938	-
The allowance for debt impairment of arrangements has been made for all balances outstanding based on the payment ratio over the last 12 months. 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.		
8 INVENTORY		
Fuel	-	20 034
Water	152 124	159 665
Spare Parts	932 415	1 944 012
Total	1 084 539	2 123 712
Inventory are disclosed at the lower of cost or net realisable value.		
The Municipality recognised only purification costs in respect of non-purchased purified water inventory.		
No inventory were pledged as security for liabilities.		
Inventory written down due to losses identified during the annual stores counts	-	2 148
Inventory recognised as an expense during the year		
Fuel	20 029	2 471 581
Water - by nature of expense	13 177 494	11 414 231
Bulk Purchases	4 712 775	4 066 733
Contracted Services	487 847	383 998
Depreciation and Amortisation	1 649 281	1 427 403
Employee Related Costs	2 354 897	2 167 416
Finance charges	696 369	757 443
Internal Charges	642 641	528 750
Other Expenditure	2 633 685	2 082 489
Spare parts	2 997 823	3 181 584
Total	16 195 346	17 067 396
9 INVESTMENT PROPERTY		
Investment Property - Carrying Value	14 902 889	14 926 604
As previously reported		15 001 207
Correction of error restatement - note 42.2		(74 603)
Restated balance		14 926 604

BERGRIVIER LOCAL MUNICIPALITY

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

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9 INVESTMENT PROPERTY (CONTINUED)

The carrying value of Investment Property is reconciled as follows:

	14 926 604	14 949 864
Opening Carrying Value		
Cost	15 141 957	15 141 957
Accumulated Depreciation	(215 353)	(192 093)
Accumulated Impairment	-	-
Additions	-	-
Contributed Assets	-	-
Disposals	-	-
Depreciation	(23 715)	(23 260)
Closing Carrying Value	14 902 889	14 926 604
Cost	15 141 957	15 141 957
Accumulated Depreciation	(239 068)	(215 353)
Accumulated Impairment	-	-

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.

Revenue derived from the rental of investment property

662 609

576 939

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

10 PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
30 June 2021				
Land and Buildings	85 979 005	(9 531 085)	-	76 447 919
Infrastructure	395 363 714	(118 067 717)	-	277 295 997
Community Assets	63 195 952	(21 960 712)	-	41 235 239
Other Assets	65 429 608	(35 850 621)	-	29 578 986
Capitalised Restoration Cost	54 649 677	(24 554 105)	-	30 095 572
Total	664 617 956	(209 964 242)	-	454 653 714
30 June 2020				
Land and Buildings	83 512 140	(9 659 745)	-	73 852 395
Infrastructure	361 561 317	(111 199 064)	-	250 362 253
Community Assets	57 351 804	(20 532 697)	-	36 819 107
Other Assets	59 625 286	(35 021 849)	-	24 603 437
Capitalised Restoration Cost	39 315 233	(20 414 761)	-	18 900 472
Total	601 365 780	(196 828 117)	-	404 537 663
As previously reported				389 847 839
Correction of error restatement - note 42.2				7 206 146
Correction of error restatement - note 42.3				7 483 678
Restated balance				404 537 663

There are no PPE pledged as security for financial liabilities.

10.1 Repairs and Maintenance incurred on Property, Plant and Equipment

8 870 137

8 179 030

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

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.2 Capital Restoration 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.

10.3 Change in estimate useful lives

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

	2021	2022	After 2022
Increase / (Decrease) in Depreciation and Amortisation	(998 802)	505 032	493 770
Increase / (Decrease) in Accumulated Surplus	998 802	(505 032)	(493 770)
Increase / (Decrease) in Property, Plant and Equipment	998 802	(505 032)	(493 770)

10.4 Carrying value of assets subject to service concession arrangement

1 851 657

2 414 244

In 2006 the Municipality entered into a service concession arrangement with the West Coast District Municipality (WCDM) for an initial period of 10 years wherein the WCDM operates the Municipality's assets to provide bulk water to the Municipality to distribute to its consumers.

The agreement was subsequently extended. The other parties to this arrangement are Saldanha and Swartland municipalities which also appointed the WCDM as an operator.

The WCDM uses the bulk water services assets to provide water to the local municipalities and private users. In terms of the service level agreement, the local municipalities determine a tariff, in consultation with the WCDM, that allows the WCDM to recover the costs the WCDM incurs in the provision of the bulk water services. The local municipalities also pay the WCDM an administrative fee of 10% of the operational costs which is also included in the tariff above.

The local municipalities recognise the costs recovered by the WCDM through the tariff as expenditure in their respective financial statements by its nature, as bulk purchases for water. The local municipalities also recognise all revenue earned from providing water to consumers, through monthly billing of the consumers, within their respective areas of jurisdiction.

The WCDM also provides water services to third parties and bills the third parties directly (farmers in remote areas and some big businesses). The provision of the water to these third parties is approved by the local municipalities when the tariff for the year is approved. The water provided to third parties by the WCDM is thus recognised in their records in line with GRAP 32.

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

The Municipality did not identify any work in progress projects which are taking a significant longer period to complete.

BERGRIVIER LOCAL MUNICIPALITY

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

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.6 Reconciliation of Carrying Value

30 June 2021	Cost					Accumulated Depreciation and Impairment					Carrying Value	
	Opening Balance	Additions	Disposals	Contributed Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	83 512 140	2 566 135	(899 270)	800 000	-	85 979 005	9 659 745	733 568	-	(862 227)	9 531 085	76 447 919
Land	49 934 947	30 835	(1 000)	300 000	-	50 264 782	-	-	-	-	-	50 264 782
Buildings	33 560 808	747 438	(898 270)	500 000	-	33 909 976	9 659 745	733 568	-	(862 227)	9 531 085	24 378 891
Work in progress	16 384	1 787 862	-	-	-	1 804 247	-	-	-	-	-	1 804 247
Infrastructure	361 561 317	30 879 448	(5 972 085)	8 895 034	-	395 363 714	111 199 064	10 409 288	-	(3 540 635)	118 067 717	277 295 997
Electrical	57 248 134	-	(58 794)	-	657 141	57 846 480	17 331 299	1 843 955	-	(38 773)	19 136 481	38 710 000
Roads	66 979 181	7 401 271	(328 714)	4 374 465	10 721 010	89 147 214	22 940 492	2 412 909	-	(257 016)	25 096 385	64 050 829
Sanitation	91 384 726	481 609	(4 749 385)	2 717 609	350 885	90 185 444	20 309 462	3 152 722	-	(2 925 733)	20 536 451	69 648 994
Solid Waste	10 419 320	231 564	-	-	1 144 427	11 795 311	7 052 946	274 735	-	-	7 327 681	4 467 630
Storm Water	15 331 401	3 636 363	(56 964)	1 008 576	-	19 919 376	6 032 160	385 139	-	(34 165)	6 383 134	13 536 242
Water Supply	101 303 241	696 083	(778 229)	794 384	1 042 391	103 057 872	37 532 706	2 339 829	-	(284 948)	39 587 586	63 470 286
Work in progress	18 895 313	18 432 557	-	-	(13 915 854)	23 412 017	-	-	-	-	-	23 412 017
Community Assets	57 351 804	7 102 630	(1 239 322)	-	(19 160)	63 195 952	20 532 697	2 329 223	-	(901 208)	21 960 712	41 235 239
Community Facilities	13 682 660	1 775 200	(37 110)	-	5 077 146	20 497 895	6 736 094	629 770	-	(26 080)	7 339 784	13 158 112
Sport and Recreational Facilities	38 741 586	3 017 493	(1 202 212)	-	241 984	40 798 851	13 796 604	1 699 454	-	(875 129)	14 620 929	26 177 922
Work in progress	4 927 558	2 309 937	-	-	(5 338 290)	1 899 205	-	-	-	-	-	1 899 205
Other Assets	59 625 286	9 404 381	(3 619 219)	-	19 160	65 429 608	35 021 849	4 278 505	-	(3 449 733)	35 850 621	29 578 986
Computer Equipment	5 637 950	1 292 743	(531 875)	-	-	6 398 818	3 566 298	510 196	-	(526 497)	3 549 997	2 848 821
Furniture and Office Equipment	10 542 275	1 358 480	(799 545)	-	19 160	11 120 369	6 449 702	867 092	-	(736 120)	6 580 674	4 539 695
Machinery and Equipment	12 486 426	1 001 151	(839 230)	-	-	12 648 347	7 437 369	797 561	-	(763 757)	7 471 173	5 177 174
Transport Assets	30 958 636	5 752 006	(1 448 570)	-	-	35 262 073	17 568 480	2 103 655	-	(1 423 359)	18 248 777	17 013 296
Capitalised Restoration Costs	39 315 233	15 394 362	(59 917)	-	-	54 649 677	20 414 761	4 139 344	-	-	24 554 105	30 095 572
Landfill Site Rehabilitation	39 315 233	15 394 362	(59 917)	-	-	54 649 677	20 414 761	4 139 344	-	-	24 554 105	30 095 572
	601 365 780	65 346 954	(11 789 813)	9 695 034	-	664 617 956	196 828 117	21 889 928	-	(8 753 803)	209 964 242	454 653 714

BERGRIVIER LOCAL MUNICIPALITY

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

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.6 Reconciliation of Carrying Value

	Cost					Accumulated Depreciation and Impairment					Carrying Value	
	Opening Balance	Additions	Disposals	Contributed Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R
30 June 2020												
Land and Buildings	82 437 868	1 074 272	-	-	-	83 512 140	8 712 339	947 406	-	-	9 659 745	73 852 395
Land	49 934 947	-	-	-	-	49 934 947	-	-	-	-	-	49 934 947
Buildings	28 929 593	27 296	-	-	4 603 919	33 560 808	8 712 339	947 406	-	-	9 659 745	23 901 063
Work in progress	3 573 328	1 046 976	-	-	(4 603 919)	16 384	-	-	-	-	-	16 384
Infrastructure	335 733 423	26 208 567	(380 673)	-	-	361 561 317	102 308 204	8 983 558	-	(92 698)	111 199 064	250 362 253
Electrical	51 130 137	-	-	-	6 117 997	57 248 134	15 597 858	1 733 441	-	-	17 331 299	39 916 835
Roads	62 386 899	-	-	-	4 592 282	66 979 181	20 928 244	2 012 247	-	-	22 940 492	44 038 690
Sanitation	62 160 355	-	(227 325)	-	29 451 696	91 384 726	18 164 190	2 234 781	-	(89 509)	20 309 462	71 075 264
Solid Waste	10 392 228	-	-	-	27 093	10 419 320	6 345 804	707 143	-	-	7 052 946	3 366 374
Storm Water	14 833 337	-	-	-	498 064	15 331 401	5 691 514	340 646	-	-	6 032 160	9 299 241
Water Supply	100 846 396	-	(3 563)	-	460 409	101 303 241	35 580 594	1 955 300	-	(3 188)	37 532 706	63 770 536
Work in progress	33 984 072	26 208 567	(149 784)	-	(41 147 541)	18 895 313	-	-	-	-	-	18 895 313
Community Assets	51 504 931	5 921 553	(74 680)	-	-	57 351 804	18 751 927	1 801 524	-	(20 753)	20 532 697	36 819 107
Community Facilities	13 030 557	-	-	-	652 103	13 682 660	6 236 778	499 315	-	-	6 736 094	6 946 566
Sport and Recreational Facilities	38 086 871	-	(74 680)	-	729 395	38 741 586	12 515 149	1 302 208	-	(20 753)	13 796 604	24 944 982
Work in progress	387 503	5 921 553	-	-	(1 381 498)	4 927 558	-	-	-	-	-	4 927 558
Other Assets	52 844 808	6 994 940	(214 462)	-	-	59 625 286	31 292 766	3 912 989	-	(183 906)	35 021 849	24 603 437
Computer Equipment	5 154 760	490 331	(7 140)	-	-	5 637 950	3 016 308	555 947	-	(5 957)	3 566 298	2 071 651
Furniture and Office Equipment	9 240 923	1 319 999	(18 648)	-	-	10 542 275	5 557 162	902 449	-	(9 909)	6 449 702	4 092 573
Machinery and Equipment	11 596 943	919 999	(30 516)	-	-	12 486 426	6 595 913	852 992	-	(11 536)	7 437 369	5 049 057
Transport Assets	26 852 182	4 264 611	(158 157)	-	-	30 958 636	16 123 384	1 601 601	-	(156 504)	17 568 480	13 390 156
Capitalised Restoration Costs	34 161 333	5 153 900	-	-	-	39 315 233	17 391 499	3 023 262	-	-	20 414 761	18 900 472
Landfill Site Rehabilitation	34 161 333	5 153 900	-	-	-	39 315 233	17 391 499	3 023 262	-	-	20 414 761	18 900 472
	556 682 363	45 353 232	(669 814)	-	-	601 365 780	178 456 735	18 668 739	-	(297 356)	196 828 117	404 537 663

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

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	2021	2020
11 INTANGIBLE ASSETS		
Intangible Assets - Carrying Value	3 808 203	4 155 338
As previously reported		4 142 781
Correction of error restatement - note 42.2		12 557
Restated balance		4 155 338

The carrying value of intangible Assets is reconciled as follows:

	2021	2020
Opening Carrying Value	4 155 338	3 863 668
Cost	6 017 029	5 333 914
Work in Progress	1 358 819	1 358 819
Accumulated Amortisation	(3 220 509)	(2 829 065)
Accumulated Impairment	-	-
Additions	-	683 115
Amortisation	(347 135)	(391 444)
Disposal	-	-
Cost	-	-
Accumulated Amortisation	-	-
Closing Carrying Value	3 808 203	4 155 338
Cost	6 017 029	6 017 029
Work in Progress	1 358 819	1 358 819
Accumulated Amortisation	(3 567 644)	(3 220 509)
Accumulated Impairment	-	-

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

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

	2021	2022
Increase / (Decrease) in Depreciation and Amortisation	(99 816)	99 816
Increase / (Decrease) in Accumulated Surplus	99 816	(99 816)
Increase / (Decrease) in Intangible Assets	99 816	(99 816)

12 HERITAGE ASSETS

Heritage Assets - Carrying Value	454 012	454 012
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The carrying value of Heritage Assets are reconciled as follows:

	2021	2020
Opening Carrying Value	454 012	454 012
Cost	454 012	454 012
Accumulated Impairment	-	-
Movement	-	-
Closing Carrying Value	454 012	454 012
Cost	454 012	454 012
Accumulated Impairment	-	-

There are no heritage assets whose title is restricted.

There are no heritage assets pledged as security for liabilities.

There are no contractual commitments for the acquisition, maintenance or restoration of heritage assets.

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

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	2021	2020
13 LONG-TERM LIABILITIES		
Annuity Loans	68 720 759	59 593 243
Less: Current portion	(7 879 478)	(6 072 464)
Total	60 841 281	53 520 779

Long-term Liabilities were utilised as follow:

Total Long-term Liabilities taken up	68 720 759	59 593 243
Used to finance Property, Plant and Equipment at cost	(67 180 759)	(59 248 243)
Unspent Borrowings	1 540 000	345 000

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

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	
DBSA (61003131)	16.50%	2020/12/31	-	79 533
Nedbank (05/7831032282)	11.27%	2023/06/12	1 140 743	1 634 381
DBSA (61001029)	12.41%	2030/06/30	12 690 737	13 427 924
DBSA (61006811)	11.53%	2031/06/30	3 048 052	3 204 568
DBSA (61006837)	11.59%	2036/06/30	7 808 982	7 997 778
DBSA (61006975)	11.33%	2032/06/30	3 169 978	3 310 165
Standard Bank (252933753)	11.95%	2024/06/30	2 922 312	3 690 958
Standard Bank (410683566)	10.26%	2023/06/30	2 793 284	3 998 154
ABSA (3044794458)	9.99%	2021/06/30	-	102 498
ABSA (3044701437)	10.57%	2026/06/12	3 568 983	4 085 138
ABSA (3046456438)	10.12%	2027/06/30	4 275 282	4 768 849
ABSA (3046456399)	9.77%	2022/06/30	188 087	358 755
DBSA (61007572)	9.28%	2029/06/29	5 053 820	5 469 284
DBSA (61007573)	8.90%	2024/06/30	714 811	915 259
DBSA (61007642)	10.07%	2023/06/12	6 145 688	6 550 000
Standard Bank (654527)	9.02%	2031/06/30	11 800 000	-
ABSA (3054195743)	7.22%	2026/06/30	3 400 000	-
Total			68 720 759	59 593 243

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	15 085 547	12 641 177
Payable within two to five years	41 203 255	43 070 109
Payable after five years	51 859 545	42 764 872
Total amount payable	108 148 348	98 476 158
Less: Outstanding Future Finance Charges	(39 427 589)	(38 882 915)
Present value of annuity loans	68 720 759	59 593 243

14 CONSUMER DEPOSITS

Water and Electricity Deposits

4 319 428 **3 884 891**

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

BERGRIVIER LOCAL MUNICIPALITY

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

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	2021	2020
15 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	19 386 803	16 256 114
Retentions	391 699	229 634
Payments Received in Advance	5 544 541	5 391 189
Unused Pre-paid Electricity	1 058 066	1 080 452
Sundry Creditors	1 447 339	1 176 833
Sundry Deposits	672 718	844 084
Unknown Receipts	3 124 096	3 386 916
Department of Human Settlements	790 997	1 306 167
Accrued Interest	48 142	-
Total	32 464 401	29 671 389

Payables are being recognised net of any discounts received.

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 and housing Deposits.

Department of Human Settlements balance consist of the following:

Advances received for the construction of housing top structures - note 30	-	480 958
Advances received in terms of principal-agent arrangements - note 53.2	790 997	825 209
Total	790 997	1 306 167

16 UNSPENT CONDITIONAL GOVERNMENT GRANTS

National Government	7 581 382	2 486 661
Provincial Government	888 678	2 149 257
Other Grant Providers	282 903	396 988
Total	8 752 963	5 032 906

Detail reconciliations of all grants received and grant conditions met are included in note 22. 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.

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

17 CURRENT EMPLOYEE BENEFITS

Bonuses	3 683 829	3 340 430
Staff Leave	9 409 506	8 434 758
Performance Bonuses	462 295	378 679
Current portion of Non-Current Employee Benefits - note 18	2 020 000	1 947 000
Post Retirement Medical Benefits	1 380 000	1 405 000
Long Service Awards	640 000	542 000
Total	15 575 629	14 100 867

BERGRIVIER LOCAL MUNICIPALITY

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

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17 CURRENT EMPLOYEE BENEFITS (CONTINUED)

The movement in current employee benefits are reconciled as follows:

17.1 Bonuses

Opening Balance	3 340 430	3 229 287
Contribution during the year	6 573 172	6 119 394
Payments made	(6 229 772)	(6 008 251)
Balance at the end of the year	3 683 829	3 340 430

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.

17.2 Staff Leave

Opening Balance	8 434 758	6 673 518
Contribution during the year	1 220 663	2 299 159
Payments made	(245 916)	(537 918)
Balance at the end of the year	9 409 506	8 434 758

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.

17.3 Performance Bonuses

Opening Balance	378 679	294 692
Contribution during the year	400 984	305 006
Payments made	(317 369)	(221 019)
Balance at the end of the year	462 295	378 679

Performance bonuses are being paid to the Chief Financial Officer, Director Community Services and Director Technical Services after an evaluation of performance by the council.

18 EMPLOYEE BENEFITS

Post Retirement Medical Benefits	34 007 000	29 384 000
Long Service Awards	6 730 000	5 961 000
Sub-Total	40 737 000	35 345 000
Less: Current portion of Employee Benefits	2 020 000	1 947 000
Post Retirement Medical Benefits	1 380 000	1 405 000
Long Service Awards	640 000	542 000
Total	38 717 000	33 398 000

18.1 Post Retirement Medical Benefits

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

Opening Balance	29 384 000	34 080 827
Contribution during the year	4 317 000	4 717 463
Current Service Cost	1 341 000	1 559 099
Interest Cost	2 976 000	3 158 364
Payments made	(1 394 162)	(1 336 762)
Actuarial Loss/(Gain)	1 700 162	(8 077 528)
Total balance at year-end	34 007 000	29 384 000
Less: Current portion	(1 380 000)	(1 405 000)
Total	32 627 000	27 979 000

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18 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	178	173
In-service non-members	203	193
Continuation members	29	29
Total	410	395

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

	In-Service Members R	In-Service non-Members R	Continuation Members R	Total unfunded Liability R
30 June 2021	15 380 000	2 584 000	16 043 000	34 007 000
30 June 2020	11 530 000	2 092 000	15 762 000	29 384 000
30 June 2019	13 491 716	2 677 741	17 911 370	34 080 828
30 June 2018	14 692 550	4 440 963	16 988 570	36 122 083
30 June 2017	15 311 846	4 632 412	17 177 161	37 121 419

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

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2021	(1 100 000)	-
30 June 2020	(1 825 000)	-
30 June 2019	(1 129 000)	-
30 June 2018	(2 318 000)	-
30 June 2017	(727 000)	-

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	10.08%	10.37%
Health care cost inflation rate	6.78%	6.43%
Net-of-health-care-cost-inflation discount rate	3.09%	3.70%
Maximum subsidy inflation rate	4.71%	4.45%
Net-of-maximum-subsidy-inflation discount rate	5.13%	5.67%

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 20 July 2021.

v) Actuarial Valuation Method

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

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18 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	Eligible Employees (R)	Continuation members (R)	Total liability (R)	% change
Liability	17 964 000	16 043 000	34 007 000	
Health care inflation rate (+ 1%)	19 857 000	17 579 000	37 436 000	10%
Health care inflation rate (- 1%)	15 580 000	14 691 000	30 271 000	-11%
Discount rate (+ 1%)	14 998 000	14 738 000	29 736 000	-13%
Discount rate (- 1%)	21 768 000	17 569 000	39 337 000	16%
Post-employment mortality (+ 1 year)	17 534 000	15 499 000	33 033 000	-3%
Post-employment mortality (- 1 year)	18 387 000	16 590 000	34 977 000	3%
Average retirement age (- 1 year)	19 825 000	16 043 000	35 868 000	5%
Membership continuation (- 10%)	15 749 000	16 043 000	31 792 000	-7%

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2020/21	1 341 000	2 976 000	4 317 000	
Health care inflation rate (+ 1%)	1 487 000	3 283 000	4 770 000	10%
Health care inflation rate (- 1%)	1 152 000	2 651 000	3 803 000	-12%
Discount rate (+ 1%)	1 119 000	2 867 000	3 986 000	-8%
Discount rate (- 1%)	1 622 000	3 093 000	4 715 000	9%
Post-employment mortality (- 1 year)	1 370 000	3 058 000	4 428 000	3%
Average retirement age (- 1 year)	1 507 000	3 124 000	4 631 000	7%
Membership continuation (- 10%)	1 075 000	2 688 000	3 763 000	-13%

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2021/22	1 690 000	3 360 000	5 050 000	
Health care inflation rate (+ 1%)	1 868 000	3 705 000	5 573 000	10%
Health care inflation rate (- 1%)	1 456 000	2 984 000	4 440 000	-12%
Discount rate (+ 1%)	1 406 000	3 220 000	4 626 000	-8%
Discount rate (- 1%)	2 050 000	3 511 000	5 561 000	10%
Post-employment mortality (+ 1 year)	1 649 000	3 262 000	4 911 000	-3%
Post-employment mortality (- 1 year)	1 730 000	3 458 000	5 188 000	3%
Average retirement age (- 1 year)	1 816 000	3 548 000	5 364 000	6%
Membership continuation (- 10%)	1 482 000	3 137 000	4 619 000	-9%

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18 EMPLOYEE BENEFITS (CONTINUED)

18.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	5 961 000	6 252 795
Contribution during the year	961 000	1 033 650
Current Service Cost	525 000	560 442
Interest Cost	436 000	473 208
Payments made	(627 336)	(945 498)
Actuarial Loss/(Gain)	435 336	(379 947)
Total balance at year-end	6 730 000	5 961 000
Less: Current portion	(640 000)	(542 000)
Total	6 090 000	5 419 000

The Long Service Awards plans are defined benefit plans.

Number of employees that are eligible for Long Service Awards	375	360
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The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

	Unfunded Liability R
30 June 2021	6 730 000
30 June 2020	5 961 000
30 June 2019	6 252 795
30 June 2018	5 579 123
30 June 2017	5 116 748

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

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2021	530 921	-
30 June 2020	(9 947)	-
30 June 2019	275 911	-
30 June 2018	(64 378)	-
30 June 2017	(190 643)	-

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	9.44%	7.66%
General Salary Inflation (long-term)	5.84%	4.13%
Net Effective Discount Rate applied to salary-related Long Service Awards	3.40%	3.39%

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 20 July 2021.

iii) Actuarial Valuation Method

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

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18 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General earnings inflation rate (+ 1%)	6 730 000	7 182 000	7%
General earnings inflation rate (- 1%)	6 730 000	6 322 000	-6%
Discount rate (+ 1%)	6 730 000	6 309 000	-6%
Discount rate (- 1%)	6 730 000	7 204 000	7%
Average retirement age (+ 2 years)	6 730 000	7 640 000	14%
Average retirement age (- 2 years)	6 730 000	5 729 000	-15%
Withdrawal rates (x 2)	6 730 000	5 385 000	-20%
Withdrawal rates (x 0.5)	6 730 000	7 673 000	14%

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Current Service Cost (R)	Interest Cost (R)	Total(R)	% Change
Estimated for 2021/22	581 000	606 000	1 187 000	
General earnings inflation rate (+ 1%)	631 000	649 000	1 280 000	8%
General earnings inflation rate (- 1%)	537 000	567 000	1 104 000	-7%
Discount rate (+ 1%)	541 000	626 000	1 167 000	-2%
Discount rate (- 1%)	627 000	582 000	1 209 000	2%
Average retirement age (+ 2 years)	648 000	692 000	1 340 000	13%
Average retirement age (- 2 years)	511 000	513 000	1 024 000	-14%
Withdrawal rates (x 2)	422 000	479 000	901 000	-24%
Withdrawal rates (x 0.5)	703 000	695 000	1 398 000	18%

18.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)	862 019	796 709
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in a sound financial position with a funding level of 100.0% (30 June 2019 - 100.7%).

Consolidated Retirement Fund (Former Cape Retirement Fund)	11 157 612	10 551 011
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in a sound financial position with a funding level of 100.5% (30 June 2019 - 100.3%).

Total	12 019 630	11 347 720
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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.

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18 EMPLOYEE BENEFITS (CONTINUED)

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:

Municipal Councillors Pension Fund	152 484	150 276
SAMWU National Provident Fund	2 052 343	2 040 748
Total	2 204 827	2 191 024

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.

19 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	91 179 282	70 432 128
As previously reported		62 948 450
Correction of error restatement - note 42.3		7 483 678
Restated balance		70 432 128

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	70 432 128	59 642 054
Contribution during the year	20 747 154	10 790 074
Increase/(Decrease) in estimate	15 334 445	5 153 900
Interest Cost	5 412 709	5 636 174
Total	91 179 282	70 432 128

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 of 7.471% (2020 - 7.685%) which is based on the South African 5 year Government Bond yield.

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

Location	Site Dimension (m ²)	Rehabilitation cost per m ² (Rand)	Current Cost of Rehabilitation	Current Cost of Rehabilitation
Porterville	55 022	753	38 628 548	29 244 964
Piketberg	57 000	797	42 371 236	32 520 274
Aurora	7 370	1 043	7 104 074	5 755 304
Redelinghuys	1 340	2 485	3 075 424	2 911 586
Total			91 179 282	70 432 128

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19 NON-CURRENT PROVISIONS (CONTINUED)

The estimate cost, based on an average inflation rate of 5.36% (2020 - 5.51%), and date of decommission of the sites are as follows:

Location	Estimated Decommission Date	Future Cost of Rehabilitation	Future Cost of Rehabilitation
Porterville	2025	49 708 184	40 808 399
Piketberg	2025	54 524 369	45 378 762
Aurora	2025	9 477 038	8 333 824
Redelinghuys	2025	4 102 704	4 216 050
Total		117 812 295	98 737 035

20 RESERVES

Capital Replacement Reserve	30 848 500	30 848 500
Housing Development Fund	260 572	260 572
Total	31 109 072	31 109 072

The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

21 PROPERTY RATES

Rateable Land and Buildings	79 313 260	74 039 877
Total	79 313 260	74 039 877

Property rate levied are based on the following rateable valuations:

Residential Property	6 010 403 420	5 773 916 720
Commercial Property	813 068 400	880 747 500
Industrial Property	301 180 000	321 580 000
Institutional	199 220 500	160 936 600
Agricultural Purposes	5 359 663 300	5 253 880 800
State - National/ Provincial Services	-	81 116 500
Public Service Infrastructure	3 015 000	6 194 500
Religious	52 128 000	11 279 000
Municipal Property	109 978 200	108 670 000
Total Valuation	12 848 656 820	12 598 321 620

Rate that is applicable to the valuations above:

Residential	1.001c/R	0.945c/R
Commercial/Industrial	1.101c/R	1.039c/R
Agricultural	0.200c/R	0.189c/R

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2018. 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.

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 1% 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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22 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants - National Government	55 355 000	45 025 000
Equitable Share	55 355 000	45 025 000
Conditional Grants - National Government	22 487 279	21 105 339
Finance Management Grant (FMG)	1 550 000	1 550 000
Municipal Infrastructure Grant (MIG)	11 608 391	14 548 000
Expanded Public Works Programme (EPWP)	2 135 000	1 422 000
Integrated National Electrification Programme (INEP)	5 477 727	3 513 339
Municipal Disaster Relief Grant (COGTA)	-	72 000
Water Service Infrastructure Grant (WSIG)	1 716 161	-
Conditional Grants - Provincial Government	10 880 693	13 722 217
CDW Contribution	-	-
Western Cape Financial Management Support Grant	-	330 000
Proclaimed Roads	-	97 000
Regional Socio - Economic Project/Violence Prevention through Urban Upgrading	1 418 499	4 040 515
Library Services	8 524 348	6 912 566
Financial Management Capacity Building Grant	206 423	355 323
Local Government Graduate Internship Allocation	-	-
Development of Sport and Recreation Facilities	-	204 040
Fire Service Capacity Building Grant	-	820 261
Local Government Support Grant - COVID-19	-	600 000
Department of Human Settlements	731 423	362 512
Conditional Grants - Other Grant Providers	1 090 769	454 789
Heist op den Berg	896 150	330 704
Chieta Training Grant	194 619	124 085
Total	89 813 741	80 307 345
Disclosed as:		
Government Grants and Subsidies - Operating	70 020 927	60 114 535
Government Grants and Subsidies - Capital	19 792 815	20 192 811
Total	89 813 741	80 307 345
Grants per Vote (MFMA Sec 123 (c)):		
Equitable Share	51 821 890	45 025 000
Vote 1 - Municipal Manager	-	672 000
Vote 2 - Finance	5 289 533	2 235 323
Vote 3 - Corporate Services	1 613 118	4 164 600
Vote 4 - Technical Services	21 833 429	19 911 044
Vote 5 - Community Services	9 255 771	8 299 379
Total	89 813 741	80 307 345

The movements per grant can be summarised as follows:

22.01 Equitable Share

Opening Unspent Balance	-	-
Grants Received / (Repaid)	55 355 000	45 025 000
Transferred to Revenue - Operating	(55 355 000)	(45 025 000)
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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22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

22.02 Finance Management Grant (FMG)

Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 550 000	1 550 000
Transferred to Revenue - Operating	(1 550 000)	(1 349 360)
Transferred to Revenue - Capital	-	(200 640)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

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

22.03 Municipal Infrastructure Grant (MIG)

Opening Unspent Balance	-	-
Grants Received / (Repaid)	14 301 000	14 548 000
Transferred to Revenue - Operating	(2 143 224)	(2 478 282)
Transferred to Revenue - Capital	(9 465 166)	(12 069 718)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	2 692 609	-

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

22.04 Expanded Public Works Programme (EPWP)

Opening Unspent Balance	-	-
Grants Received / (Repaid)	2 135 000	1 422 000
Transferred to Revenue - Operating	(2 135 000)	(1 422 000)
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.

22.05 Integrated National Electrification Programme (INEP)

Opening Unspent Balance	2 486 661	-
Grants Received / (Repaid)	3 000 000	6 000 000
Transferred to Revenue - Operating	(714 486)	(1 493 135)
Transferred to Revenue - Capital	(4 763 241)	(2 020 204)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	8 934	2 486 661

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.

22.06 Municipal Disaster Relief Grant (COGTA)

Opening Unspent Balance	-	-
Grants Received / (Repaid)	-	72 000
Transferred to Revenue - Operating	-	(72 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

This grant was utilised for the purchase of personal protective equipment in the fight against the COVID-19 pandemic.

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22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

22.07 Water Service Infrastructure Grant (WSIG)

Opening Unspent Balance	-	-
Grants Received / (Repaid)	6 596 000	-
Transferred to Revenue - Operating	(208 174)	-
Transferred to Revenue - Capital	(1 507 987)	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	4 879 839	-

This grant is utilised for the construction and upgrade of Porterville waste water treatment works.

22.08 CDW Contribution

Opening Unspent Balance	-	13 947
Grants Received / (Repaid)	-	(13 947)
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

The CDW Contribution was used to finance the activities of Community Development Workers.

22.09 Western Cape Financial Management Support Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	-	330 000
Transferred to Revenue - Operating	-	(330 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

The Finance Management Grant was used for upgrading of financial system, reviewing of budget related policies, supply chain databases cleansing, risk management and internal audit services.

22.10 Proclaimed Roads

Opening Unspent Balance	-	-
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	(97 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	97 000
Closing Unspent Balance	-	-

The grant was used for maintenance of provincial roads.

22.11 Regional Socio - Economic Project/Violence Prevention through Urban Upgrading

Opening Unspent Balance	459 485	-
Grants Received / (Repaid)	1 000 001	4 500 000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(1 418 499)	(4 040 515)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	40 987	459 485

The grant was utilised for the extension of Calendula street.



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22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

22.12 Library Services

Opening Unspent Balance	1 504 449	560 015
Grants Received / (Repaid)	7 474 000	7 857 000
Transferred to Revenue - Operating	(6 546 108)	(6 115 870)
Transferred to Revenue - Capital	(1 978 240)	(796 696)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	454 101	1 504 449

The Library Services (Municipal Replacement Fund) Grant is used to pay the salaries of library staff.

22.13 Financial Management Capacity Building Grant

Opening Unspent Balance	24 677	20 000
Grants Received / (Repaid)	275 323	360 000
Transferred to Revenue - Operating	(206 423)	(355 323)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	93 577	24 677

The purpose of the grant is to develop financial human capacity within the municipal areas to enable sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance.

22.14 Local Government Graduate Internship Allocation

Opening Unspent Balance	-	60 000
Grants Received / (Repaid)	-	(60 000)
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

This grant was utilised for the recruitment of interns.

22.15 Development of Sport and Recreation Facilities

Opening Unspent Balance	45 960	-
Grants Received / (Repaid)	(45 960)	250 000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	(204 040)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	45 960

This grant was utilised for the upgrade of the cricket field in Velddrif.

22.16 Fire Service Capacity Building Grant

Opening Unspent Balance	9 739	-
Grants Received / (Repaid)	(9 739)	830 000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	(820 261)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	9 739

This grant was utilised for the purchase 4x4 fire fighting truck.

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

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22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

22.17 Local Government Support Grant - COVID-19

Opening Unspent Balance	-	-
Grants Received / (Repaid)	-	600 000
Transferred to Revenue - Operating	-	(600 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

This grant was utilised for the supply of food parcels during the national lockdown period.

22.18 Department of Human Settlements

Opening Unspent Balance	104 947	467 459
Grants Received / (Repaid)	926 489	-
Transferred to Revenue - Operating	(731 423)	(362 512)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	300 013	104 947

This grant was utilised for the feasibility studies and the construction of infrastructure for housing projects.

22.19 Heist op den Berg

Opening Unspent Balance	194 774	-
Grants Received / (Repaid)	734 695	552 358
Transferred to Revenue - Operating	(236 469)	(289 968)
Transferred to Revenue - Capital	(659 681)	(40 736)
Transfer to / (from) Receivables	-	(26 880)
Closing Unspent Balance	33 319	194 774

This grant is federal government funding from Belgium for solid waste management.

22.20 Chieta Training Grant

Opening Unspent Balance	202 214	-
Grants Received / (Repaid)	241 989	326 299
Transferred to Revenue - Operating	(194 619)	(124 085)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	249 584	202 214

This grant is for the training and development of municipal officials

22.21 Total Grants

Opening Unspent Balance	5 032 906	1 121 421
Grants Received / (Repaid)	93 533 798	84 148 710
Transferred to Revenue - Operating	(70 020 927)	(60 114 535)
Transferred to Revenue - Capital	(19 792 815)	(20 192 811)
Transfer to / (from) Receivables	-	70 120
Closing Unspent Balance	8 752 963	5 032 906

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		2021	2020
23	CONTRIBUTED ASSETS		
	Land and Buildings	800 000	-
	Infrastructure	8 895 034	-
	Total	9 695 034	-
	Contributed Assets consists out of the following:		
	- Town house and BADISA building transferred from West Coast District Municipality	800 000	-
	- Infrastructure transferred by developer as part of development in Dwarskersbos	8 895 034	-
	Total	9 695 034	-
24	FINES, PENALTIES AND FORFEITS		
	Traffic Fines	20 349 680	17 100 550
	Library Fines	5 174	1 178
	Illegal Connections	36 440	51 994
	Unclaimed Money	1 353 174	866 978
	Total	21 744 468	18 020 700
	In terms of the requirements of GRAP 23 and iGRAP 1, all traffic fines issued during the year less any cancellations or reductions identified are recognised as revenue.		
25	ACTUARIAL GAINS		
	Post Retirement Medical Benefits	-	8 077 528
	Long Service Awards	-	379 947
	Total	-	8 457 475
26	SERVICE CHARGES		
	Electricity	126 353 121	117 786 139
	Water	34 256 769	30 864 465
	Refuse Removal	29 512 090	27 277 573
	Sewerage and Sanitation	18 120 520	16 768 513
	Total Revenue	208 242 500	192 696 689
	Less: Rebates	(12 516 398)	(11 261 902)
	Electricity	(1 235 459)	(738 835)
	Water	(2 277 220)	(2 112 350)
	Refuse Removal	(5 377 606)	(5 040 058)
	Sewerage and Sanitation	(3 626 114)	(3 370 660)
	Total	195 726 102	181 434 786
	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.		
27	RENTAL OF FACILITIES AND EQUIPMENT		
	Halls	49 855	109 851
	Camping and Entrance Fees	3 143 087	3 621 195
	Commonage	793 609	576 939
	Hawker Stalls	120 779	131 006
	Land and Buildings	185 094	416 387
	Total	4 292 426	4 855 379
	As previously reported		5 171 720
	Correction of error restatement - note 42.1		(316 341)
	Restated balance		4 855 379

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	2021	2020
28 AGENCY SERVICES		
Drivers Licences	941 841	741 678
Motor Vehicle Registration	3 330 235	2 540 061
Roadworthy Certificates	435 606	395 069
Total	4 707 682	3 676 808
<p>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.</p> <p>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.</p>		
29 OTHER INCOME		
Building Plan Approval	1 874 504	989 098
Cemetery and Burial	550 243	409 445
Cleaning and Removal	85 400	58 828
Clearance and Valuation Certificates	487 014	255 907
Commission	77 930	75 026
Development Charges	467 034	38 844
Photocopies and Faxes	24 296	43 405
Sub-division and Consolidation Fees	135 447	69 669
Sundry Income	171 961	132 761
Total	3 873 829	2 072 983
30 CONSTRUCTION CONTRACTS		
Construction of Velddrif 107 Top Structures	4 865 154	3 863 185
Total	4 865 154	3 863 185
<p>The Municipality has assessed that it acts as the Developer for the Department of Human Settlements for the construction of top structures for the above-mentioned project.</p> <p>As the contracts with the Department of Human Settlements are non-commercial contracts with no profit margins, the revenue recognised is based on the amount of expenditure incurred by the Municipality for the construction of the top structures, which is in terms of the stage of completion determined by the progress payments claimed by the respective sub-contractors.</p>		
Construction of Velddrif 107 Top Structures		
Reconciliation for the year		
Opening balance	(480 958)	(143 579)
Expenditure incurred / Revenue Recognised	4 865 154	3 863 185
Payments / Advances received	(3 215 952)	(4 200 564)
Gross amount claimable/(due) from/(to) Department of Human Settlements	1 168 244	(480 958)
Aggregated reconciliation		
Expenditure incurred / Revenue Recognised	30 213 204	25 348 050
Advances received	(29 044 960)	(25 829 008)
Retentions	-	-
Gross amount claimable/(due) from/(to) Department of Human Settlements	1 168 244	(480 958)

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	2021	2020
31 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	86 236 940	82 941 977
Pension and UIF Contributions	14 613 436	13 861 831
Medical Aid Contributions	6 068 956	5 602 018
Overtime	5 156 293	5 250 991
Motor Vehicle Allowances	5 318 006	4 881 990
Cell Phone Allowances	47 238	48 172
Housing Allowances	878 217	735 098
Other benefits and allowances	5 972 702	5 758 051
Acting Allowances	670 139	551 411
Bargaining Council Levy	43 996	41 753
Group Life Insurance	905 836	1 374 771
Standby Allowances	3 946 342	3 429 308
Scarcity Allowances	406 390	360 808
Contributions to Employee Benefits	10 060 820	10 843 100
Bonuses	6 573 172	6 119 394
Staff Leave	1 220 663	2 299 159
Performance Bonuses	400 984	305 006
Long Service Awards	525 000	560 442
Post Retirement Medical Benefits	1 341 000	1 559 099
Workmen's Compensation Fund	623 968	1 024 543
Total	134 976 575	130 947 771
Remuneration of Management Personnel		
Key management personnel are all appointed on a permanent basis, except for the Municipal Manager who is appointed on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
Municipal Manager - Adv H Linde		
Annual Remuneration	1 417 184	1 320 897
Travelling Allowance	152 688	136 746
Contributions to UIF, Medical and Pension Funds	338 732	338 697
Total	1 908 604	1 796 340
Director: Corporate Services - Mr JWA Kotzee		
Annual Remuneration	878 464	830 746
Travelling Allowance	239 587	226 080
Contributions to UIF, Medical and Pension Funds	206 430	201 570
Housing Subsidy	145 000	123 396
Total	1 469 482	1 381 792
Director: Technical Services - Mr H Krohn (Resigned 28 June 2019)		
Annual Remuneration	-	-
Travelling Allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Housing Subsidy	-	-
Leave Payout	-	18 830
Service Bonus	-	28 944
Total	-	47 774

BERGRIVIER LOCAL MUNICIPALITY

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

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31 EMPLOYEE RELATED COSTS (CONTINUED)

Director: Community Services - Mr DA Josephus

Annual Remuneration	852 824	687 299
Travelling Allowance	180 000	156 822
Contributions to UIF, Medical and Pension Funds	182 034	140 598
Service Bonus	50 000	48 754
Performance Bonus	151 472	147 346
Housing Subsidy	56 509	52 134
Total	1 472 838	1 232 953

Chief Financial Officer - Mr M Wüst (resigned 31 August 2019)

Annual Remuneration	-	140 437
Travelling Allowance	-	32 015
Performance Bonus	-	73 673
Leave Payout	-	9 447
Contributions to UIF, Medical and Pension Funds	-	2 960
Total	-	258 532

Chief Financial Officer - Mr F M Lötter (appointed 1 November 2019)

Annual Remuneration	1 043 398	553 799
Travelling Allowance	253 333	145 833
Performance Bonus	100 981	-
Contributions to UIF, Medical and Pension Funds	27 661	21 661
Total	1 425 373	721 294

Director: Technical Services - Mr AC Koch (appointed 1 November 2019)

Annual Remuneration	1 036 469	577 393
Travelling Allowance	274 320	137 500
Performance Bonus	64 916	-
Contributions to UIF, Medical and Pension Funds	13 602	6 400
Total	1 389 308	721 293

Employees acting in management positions

The following employees acted in management positions during the course of the year. The amounts as indicated below are the acting allowances and additional benefits received for the period in which they acted in the respective positions.

Employee	Acting Position	Number of days in acting position		2021	2020		
		2021	2020				
DA Josephus	Municipal Manager	25	0	43 681	-		
JWA Kotzee	Municipal Manager	12	8	6 333	4 004		
N Rossouw	Director: Technical Services	14	0	6 232	-		
JJ Breunissen	Director: Technical Services	10	51	4 452	23 274		
N Bothma	Chief Financial Officer	0	21	-	9 043		
JP Sass	Chief Financial Officer	6	11	2 608	4 395		
Total				63 306	40 717		

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	2021	2020
32 REMUNERATION OF COUNCILLORS		
Cllr JC Botha - deceased January 2021	182 718	313 230
Ald RM van Rooy	900 096	898 690
Ald SM Crafford	727 883	727 081
Ald A de Vries	729 488	729 488
Ald SIJ Smit	390 418	389 732
Cllr J Daniels	673 474	673 474
Cllr AJ Du Plooy	686 446	686 446
Cllr A Small	313 230	312 742
Cllr MA Wessels	686 446	685 405
Cllr D De Bruin	313 230	313 230
Cllr A van Wyk	313 230	313 230
Cllr I Adams	313 230	313 230
Cllr SS Lesch	313 230	313 230
Cllr S Swartz - inaugurated in February 2021	111 520	-
Total	6 654 639	6 669 207

	Basic Salary	Motor Vehicle Allowance	Cell Phone Allowance	Medical and Pension Contributions	Total
2021					
Executive Mayor	559 867	215 215	40 800	84 214	900 096
Deputy Executive Mayor	453 528	165 285	40 800	68 270	727 883
Speaker	688 688	-	40 800	-	729 488
Executive Committee	1 130 541	153 369	81 600	7 382	1 372 892
Other Councillors	2 296 497	210 951	323 819	93 012	2 924 280
Total	5 129 122	744 820	527 819	252 879	6 654 639
2020					
Executive Mayor	559 867	215 215	40 800	82 808	898 690
Deputy Executive Mayor	453 528	165 285	40 800	67 468	727 081
Speaker	688 688	-	40 800	-	729 488
Executive Committee	1 137 807	64 896	81 600	87 548	1 371 851
Other Councillors	2 317 622	216 627	326 400	81 448	2 942 097
Total	5 157 512	662 023	530 400	319 272	6 669 207

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee members 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.

33 DEBT IMPAIRMENT

Receivables from Exchange Transactions	5 143 861	16 846 445
Receivables from Non-Exchange Transactions	23 556 923	19 208 848
Long-term Receivables	3 628 730	-
Total Debt Impairment	32 329 514	36 055 294
Movement in VAT included in debt impairment	836 094	(1 375 216)
Total	33 165 607	34 680 078
As previously reported		35 015 069
Correction of error restatement - note		(334 991)
Restated balance		34 680 078

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

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	2021	2020
34 DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	21 889 928	18 668 739
Intangible Assets	347 135	391 444
Investment Property	23 715	23 260
Total	22 260 778	19 083 443
As previously reported		21 356 959
Correction of error restatement - note 42.2		(2 273 517)
Restated balance		19 083 443
35 FINANCE CHARGES		
Cash	6 616 852	6 528 379
Long-term Liabilities	6 616 852	6 528 379
Non-cash	8 824 709	9 267 746
Post Retirement Medical Benefits	2 976 000	3 158 364
Long Service Awards	436 000	473 208
Rehabilitation of Landfill Sites	5 412 709	5 636 174
Total	15 441 561	15 796 125
36 BULK PURCHASES		
Electricity	100 415 330	92 750 851
Water	4 712 775	4 066 733
Water Purchased	6 144 931	5 996 627
Surplus generated by West Coast District Municipality (WCDM)	(1 432 156)	(1 929 894)
Total	105 128 105	96 817 583

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 WCDM and a number of private suppliers.

In terms of the services concession agreement, the local municipalities determine a tariff, in consultation with the WCDM, that allows the WCDM to recover the costs it incurs in the provision of the bulk water services. At year-end, WCDM calculates the surplus generated from the service concession arrangement, and accordingly the surplus is distributed to the local municipalities based on their water purchases for the year.

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	2021	2020
37 CONTRACTED SERVICES		
Accounting and Auditing	2 335 196	2 034 613
Clearing and Grass Cutting	267 525	79 313
Communications	613 437	660 075
Construction of Housing Top Structures	4 865 154	3 863 185
Drivers Licence Cards	318 747	245 374
Human Resources	102 025	146 991
Laboratory Services	402 445	373 328
Land and Quantity Surveyors	786 530	362 512
Legal Cost	368 383	267 338
Maintenance Services	3 976 302	3 323 418
Organisational	1 034 667	1 050 699
Refuse Removal	4 697 473	4 264 165
Research and Advisory	854 712	352 461
Security Services	755 630	568 222
Traffic Fines Management	1 278 920	1 053 777
Valuer and Assessors	101 826	117 502
Other Consulting and Professional Fees	1 261 404	1 948 801
Total	24 020 376	20 711 772

Other Consulting and Professional Fees consist out of a variety of services, including but not limited to the following:

- Engineering
- Event Promoters
- Audit Committee
- Burial Service
- Catering Services
- Veterinary Services

38 TRANSFERS AND GRANTS

Animal Welfare	62 000	139 000
Bergrivier Canoe Marathon	-	60 000
Bergrivier Estuary Management Forum	450 000	542 300
External Bursaries	450 085	546 649
Indigent Dwelling Restoration	71 958	-
Museums	617 000	540 000
Port Owen Marine Authority	700 000	1 442 000
Redelinghuys Farm Watch	500 000	-
Society for the Prevention of Cruelty to Animals (SPCA)	235 000	82 000
Sport Councils	450 650	343 000
St Helena Bay Water Quality Trust	48 160	43 268
Tourism	1 920 000	2 350 000
Total	5 504 853	6 088 217

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	2021	2020
39 OTHER EXPENDITURE		
Advertising, Publicity and Marketing	1 098 117	945 235
Bank Charges, Facility and Card Fees	772 851	668 606
Bursaries to Employees	73 316	64 680
Chemicals	479 047	555 541
Commission - Prepaid Electricity	1 977 464	2 456 456
Communication	2 660 459	2 487 900
Cellular Contract (Subscription and Calls)	493 305	606 426
Postage, Stamps and Franking Machines	633 621	557 311
Telephone, Fax, Telegraph and Telex	1 533 534	1 324 164
Electricity - Internal usage	1 861 787	1 634 344
Entertainment	18 957	31 566
External Audit Fees	3 191 873	2 823 094
External Computer Service	2 289 730	749 672
Fuel	3 858 452	3 770 132
Hire Charges	685 759	442 562
Insurance	1 827 982	1 440 157
Learnerships and Internships	257 440	759 208
Maintenance Materials	4 893 834	4 855 611
Motor Vehicle Licence and Registrations	280 568	270 981
Printing and Stationary	1 097 881	1 149 841
Professional Bodies, Membership and Subscription	1 365 174	1 237 350
Refuse bags	1 985 453	1 920 741
Skills Development Fund Levy	921 214	870 716
Small Tools and Equipment	369 481	529 109
Training	154 487	112 794
Travel and Subsistence	365 410	1 236 657
Uniform and Protective Clothing	596 417	446 630
Ward Committees	162 800	216 998
Sundries and Other Consumables	1 426 025	1 945 625
COVID-19 Expenditure	607 289	953 744
Food parcels	361 957	783 598
Personal Protective Equipment and Sanitizers	245 332	136 345
Awareness	-	33 800
Total	35 279 271	34 575 949
As previously reported		34 520 416
Correction of error restatement - note 42.2		55 533
Restated balance		34 575 949
40 ACTUARIAL LOSSES		
Post Retirement Medical Benefits	1 700 162	-
Long Service Awards	435 336	-
Total	2 135 498	-

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.

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41 GAIN/(LOSS) ON DISPOSAL OF NON-MONETARY ASSETS

Proceeds	751 135	5 550 000
Less: Carrying value of Investment Property disposed	-	-
Less: Carrying value of Property, Plant and Equipment disposed	(2 976 093)	(372 458)
Total	(2 224 958)	5 177 542
As previously reported		5 187 177
Correction of error restatement - note 42.2		(9 636)
Restated balance		5 177 542

The prior year gain on disposal relates to the PW Koorts holiday resort which was sold.

42 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

42.1 Receivables from Exchange

The following errors were noted:

- Rentals and interest amounting to R517 857 (including VAT) were incorrectly levied since 2018/19 resulting that Receivables, Rentals of Facilities and Equipment, Interest Earned were overstated. In addition, an allowance for debt impairment amounting to R500 080 was also recognised on the incorrect balance of R517 857, resulting in Debt Impairment being overstated.

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

- Receivables from Exchange Transactions - note 3	Overstated	(17 777)
- Taxes - note 5	Understated	6 899
- Interest Earned - outstanding debtors - note 42.5	Overstated	(16 739)
- Rental of Facilities and Equipment - note 27	Overstated	(316 341)
- Debt Impairment - note 33	Overstated	(334 991)
- Accumulated Surplus - note 42.4	Overstated	(12 789)

42.2 Property Plant and Equipment

The following errors were noted:

- Intangible Assets with a carrying value of R12 557 was incorrectly classified as Property, Plant and Equipment.
- Several asset types within the Property, Plant and Equipment note were incorrectly classified. The said reclassification had no effect on the Property, Plant and Equipment balance as a whole.
- During the physical verification it was noted that movable assets with a carrying value amounting to R561 778 were not recorded on the asset register.
- Disposals of movable assets with a carrying value R5 323 were not recorded in the asset register.
- Included in the assets register, were items with a carrying value R182 112 which did not meet the definition of an asset. The said items were removed from the asset register.
- Included in the asset register were infrastructure asset which was not unbundled into their respective asset components. Asset components have different economic useful lives and therefore the depreciation was incorrectly calculated on infrastructure which were not unbundled into their respective components. The effect of the was that the carrying value was overstated by R2 146 384.
- It was noted that provincial roads with a carrying value of R542 229 was incorrectly included in the asset register as the Municipality does not exercise control over the said roads.

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42 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR (CONTINUED)

- Infrastructure which were constructed by a developer as part of a development in Dwarskersbos, were transferred to the Municipality. However, the said infrastructure with a carrying value of R3 567 589 were never recorded in the asset register.
- Land and Buildings with a carrying value of R3 773 136 was identified as being controlled by the Municipality, but not recorded in the asset register.
- It was noted that Land and Buildings and Investment Property with respective carrying values of R1 196 607 and R74 602 were included in the asset register. However, it was concluded that the Municipality does not exercise control over the said assets and accordingly had to be removed from the asset register.
- On Land and Buildings, it was noted that buildings and land was not always split on the asset register. Accordingly, depreciation was incorrectly calculated on land resulting that the carrying value was understated by R3 388 856.

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

- Investment Property - note 9	Overstated	(74 603)
- Property, Plant and Equipment - note 10	Understated	7 206 146
- Intangible Assets - note 11	Understated	12 557
- Depreciation and Amortisation - note 34	Overstated	(2 273 517)
- Other Expenditure - note 39	Understated	55 533
- Gain on disposal of Non-Monetary Assets note 41	Overstated	(9 636)
- Accumulated Surplus - note 42.4	Understated	4 935 752

42.3 Non-Current Provisions

In the prior year, the discount rate used by the actuaries to calculate the employee benefits, was also used to calculate the provision for the rehabilitation of landfill sites. The actuarial discount rate is a weighted average discount rate that takes into account long-term and short-term government bond rates. However, as most of the sites were nearing their rehabilitation date, it was considered more appropriate to use a short-term bond rate than the weighted average discount rate. The change in the discount rate resulted that both the provision and related assets were understated by R7 483 678.

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

- Property, Plant and Equipment - note 10	Understated	7 483 678
- Non-Current Provisions - note 19	Understated	7 483 678

42.4 Accumulated Surplus

Receivables from Exchange - note 42.1	Overstated	(12 789)
Property Plant and Equipment - note 42.2	Understated	4 935 752
Total		4 922 963

42.5 Statement of Financial Performance

Interest Earned - outstanding debtors		7 863 360
As previously reported		7 880 099
Correction of error restatement - note 42.1		(16 739)

BERGRIVIER LOCAL MUNICIPALITY

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	2021	2020
43 NET CASH FROM OPERATING ACTIVITIES		
Net Surplus for the year	38 190 735	32 187 628
Adjusted for:		
Non-cash revenue included in Net Surplus	(9 678 294)	(13 659 640)
Contributed Assets	(9 695 034)	-
Actuarial Gains	-	(8 457 475)
Rental of Facilities and Equipment - movement in operating lease asset	16 740	(24 622)
Gain on disposal of Non-Monetary Assets	-	(5 177 542)
Non-cash expenditure included in Net Surplus	78 661 370	73 876 788
Employee Related Costs - Contributions towards	10 060 820	10 843 100
Post Retirement Medical Benefits	1 341 000	1 559 099
Long Service Awards	525 000	560 442
Bonuses	6 573 172	6 119 394
Staff Leave	1 220 663	2 299 159
Performance Bonuses	400 984	305 006
Debt Impairment	33 165 607	34 680 078
Depreciation and Amortisation	22 260 778	19 083 443
Finance Charges	8 824 709	9 267 746
Post Retirement Medical Benefits	2 976 000	3 158 364
Long Service Awards	436 000	473 208
Provision for Rehabilitation of Landfill-sites	5 412 709	5 636 174
Other Expenditure - movement in operating lease liability	(11 000)	2 421
Actuarial Losses	2 135 498	-
Loss on disposal of Non-Monetary Assets	2 224 958	-
Cash expenditure not included in Net Surplus	(8 814 555)	(9 049 448)
Post Retirement Medical Benefits	(1 394 162)	(1 336 762)
Long Service Awards	(627 336)	(945 498)
Bonuses	(6 229 772)	(6 008 251)
Staff Leave	(245 916)	(537 918)
Performance Bonuses	(317 369)	(221 019)
Operating Surplus before changes in working capital	98 359 255	83 355 328
Movement in working capital	(20 527 495)	(15 186 725)
Receivables from Exchange Transactions	2 203 055	(15 769 242)
Receivables from Non-Exchange Transactions	(18 029 133)	(24 947 287)
Inventory	1 039 172	123 267
Long-term Receivables	(10 268 592)	312 010
Consumer Deposits	434 537	220 007
Payables from exchange transactions - operating	717 467	17 704 258
Payables from exchange transactions - total	2 793 013	13 842 657
Payables from exchange transactions - capital	(2 075 545)	3 861 601
Unspent Conditional Government Grants	3 720 057	3 911 485
Taxes	(344 059)	3 258 776
Cash Flow from Operating Activities	77 831 760	68 168 604
44 CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	9 051 931	41 635 098
Call and Notice Deposits	132 574 016	60 159 485
Cash Floats	19 850	17 850
Total	141 645 797	101 812 433

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

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

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

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

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

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

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

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 2019/20.

Accumulated Surplus was adjusted to take into account budget adjustments made to the Statement of Financial Performance.

Actual Amounts vs Final Budget

Cash and Call Investment Deposits	More cash was available at year-end due to a higher debtors collection rate, general savings on expenditure and less creditors paid at year-end than anticipated.
Consumer Debtors	Repayment arrangements amounting to R10 million was entered into with debtors. The said arrangements was not taken into account when the final budget was prepared, therefore resulting that the budgeted amounts are more than the actuals.
Long-term Receivables	Repayment arrangements amounting to R10 million was entered into with debtors. The said arrangements was not taken into account when the final budget was prepared, therefore resulting that the budgeted amounts are less than the actuals.
Property, Plant and Equipment	Actuals were more than budget due to prior year error corrections and contributed assets which were not budgeted for.
Trade and Other Payables	Less creditors were paid at year-end due to 30 June invoices being due after close-off of the accounting period resulting in the actual payables being more than the budget.
Provisions and Employee Benefits	Actuals were more than budget due to the increased provision cost for the rehabilitation of landfill sites.

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45 BUDGET COMPARISONS (CONTINUED)

Accumulated Surplus	Actuals are more than budget as a result of the items listed under the "Statement of Financial Performance" section.
Reserves	Contribution towards reserves are based on the discretion of the Accounting Officer.

45.3 Statement of Financial Performance

Adjustments to Original Budget

Fines	Increased due to South Africa moving to less restrictive lockdown levels. When the original budget was compiled, significant uncertainty existed as to how long the severe restricted lockdown levels will be maintained, and therefore a conservative approach was adopted when fines were initially budgeted for.
Transfers Recognised - Operational	Increased due to an increase in the Equitable Share which is to be utilised for the loss of income as a result of the implementation of national lockdown levels.
Employee Related Costs	Increased due to 25 additional positions which were funded during the adjustment budget.
Debt Impairment	Increased due to an increase in the amount of traffic fines (as indicated above).
Contracted Services	Increased due to increase in traffic fines, which will ultimately result in higher fees payable to the service provider maintaining the increase in traffic fines issued. Due to the increase in Equitable Share, additional projects were also identified to assist with the revenue enhancement and recovery initiatives.
Transfers and subsidies - capital (monetary) - Government	Increased due to the additional allocation of the Water Services Infrastructure Grant (WSIG).

Actual Amounts vs Final Budget

Transfers Recognised - Operational	Transfers recognised - operational is less than budget due to the treatment of the funding from the Department of Human Settlements for the construction of housing top structures. For budget purposes it is budgeted as part of "Transfers recognised - Operational", but for GRAP purposes the revenue (Construction Contracts) is included under "Other Revenue".
Other Revenue	Refer to explanation for "Transfers Recognised - Operational" as indicated above.
Debt Impairment	Debt Impairment was less than budget due to a higher collection rate than anticipated.
Other Material and Other Expenditure	Other Material and Other Expenditure should be read in conjunction. The reason for the actuals amounts being less than budget are due to internal charges which was budgeted for as an expense. For GRAP purposes, all internal charges are reversed.
Contracted Services	Actuals were less than budget due to general savings on projects.
Transfers and subsidies - capital (in-kind)	This item was not budgeted for.

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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 the increase in traffic fine revenue, as well as the additional allocation of the Water Services Infrastructure Grant (WSIG)
Net Cash from/(used) Investing Activities	Increased as a result of the additional allocation of the Water Services Infrastructure Grant (WSIG) as well as roll-over internal funding which was not utilised during 2019/20.

Actual Amounts vs Final Budget

Net Cash from/(used) Operating Activities	More cash was available from operating activities due to a better collection rate on debtors than anticipated. In addition, operating expenditure budget was also not spent in full, resulting in cash surpluses.
Net Cash from/(used) Investing Activities	Not all capital projects were concluded during the year, resulting in a underspending of capital.

46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

46.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	687 569	687 569
Unauthorised expenditure current year - operating	764 459	-
Unauthorised expenditure current year - capital	-	-
Approved by Council	(687 569)	-
Unauthorised expenditure awaiting further action	764 459	687 569

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

	2021 (Actual) R	2021 (Final Budget) R	2021 (Unauthorised) R	2020 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Municipal Manager	25 379 009	27 549 520	-	-
Vote 2 - Finance	39 117 685	39 941 367	-	-
Vote 3 - Corporate Services	28 781 902	28 017 443	764 459	-
Vote 4 - Technical Services	224 319 680	235 867 314	-	-
Vote 5 - Community Services	69 193 944	74 329 248	-	-
Total	386 792 221	405 704 892	764 459	-

The overspending incurred is attributable to the following non-cash categories:

- Actuarial Losses as result of a decrease in the net discount rates used by actuaries in the calculation of employee benefits	764 459	-
Total	764 459	-

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

	2021 (Actual) R	2021 (Final Budget) R	2021 (Unauthorised) R	2020 (Unauthorised) R
Unauthorised expenditure - Capital				
Vote 1 - Municipal Manager	589 192	937 000	-	-
Vote 2 - Finance	1 328 722	1 340 000	-	-
Vote 3 - Corporate Services	2 537 310	3 095 320	-	-
Vote 4 - Technical Services	36 019 150	41 407 808	-	-
Vote 5 - Community Services	9 478 219	9 575 514	-	-
Total	49 952 593	56 355 642	-	-

46.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	255 570	-
Fruitless and wasteful expenditure incurred - prior years	-	255 570
Fruitless and wasteful expenditure incurred - current year	297	-
Recovered from Employees	(297)	-
Approved by Council	(255 570)	-
Fruitless and wasteful expenditure awaiting further action	-	255 570

Details of fruitless and wasteful expenditure incurred

(a) Department of Labour - Penalties and Interest	-	255 570
(b) Incorrect amount of PAYE paid to SARS due to typing error	297	-
Total	297	255 570

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred due to the fact that no criminal offence occurred.

46.3 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	1 600	12 358 509
Irregular expenditure incurred - current year	94 750	1 600
Approved by Council	(1 600)	(12 358 509)
Irregular expenditure awaiting further action	94 750	1 600

Details of irregular expenditure incurred

(a) Procurement from a person in service of the state	-	1 600
(b) Deviations not considered to be impractical or exceptional circumstances	94 750	-
Total	94 750	1 600

Details of irregular expenditure awaiting further action:

(a) Procurement from a person in service of the state	-	1 600
(b) Deviations not considered to be impractical or exceptional circumstances	94 750	-
Total	94 750	1 600

Incidents/cases identified in the current year include:

(a) Procurement from a person in service of the state	0	2
(b) Deviations not considered to be impractical or exceptional circumstances	1	0

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

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47 MATERIAL LOSSES

47.1 Water distribution losses

Kilo litres disinfected/purified/purchased	2 197 038	2 052 553
Kilo litres sold and free basic services	1 847 781	1 781 302
	<hr/>	<hr/>
Kilo litres lost during distribution	349 257	271 251
Percentage lost during distribution	15.90%	13.22%

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

47.2 Electricity distribution losses

Units purchased (Kwh)	82 712 666	81 781 008
Units sold, free basic services and standard friction losses	72 544 143	74 975 650
	<hr/>	<hr/>
Units lost during distribution (Kwh)	10 168 523	6 805 358
Percentage lost during distribution	12.29%	8.32%

Electricity losses are mainly due to friction losses.

48 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

48.1 SALGA Contributions [MFMA 125 (1)(b)]

Opening balance	(986 988)	(928 259)
Expenditure incurred	1 321 652	1 301 904
Payments	(1 338 656)	(1 360 633)
	<hr/>	<hr/>
Payments in advance	(1 003 992)	(986 988)

48.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	17 225	-
Expenditure incurred	3 735 729	3 296 701
External Audit - Auditor-General	3 191 873	2 823 094
VAT on External Audit	478 781	423 464
Audit Committee	65 075	50 143
Payments	(3 737 254)	(3 279 475)
	<hr/>	<hr/>
Outstanding Balance	15 700	17 225

48.3 VAT [MFMA 125 (1)(c)]

Opening balance	3 129 532	2 483 307
Net amount claimed / (declared) during the year	(3 230 406)	(319 244)
Net amount paid / (received) during the year	1 083 052	965 469
	<hr/>	<hr/>
Outstanding Balance	982 178	3 129 532

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	-	-
Payroll deductions and Council Contributions during the year	20 465 822	19 386 231
Payments	(20 465 822)	(19 386 231)
	<hr/>	<hr/>
Outstanding Balance	-	-

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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	32 970 450	31 024 231
Payments made to pension and medical fund	(32 970 450)	(31 024 231)
Outstanding Balance	-	-

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

No Councillors had arrear accounts outstanding for more than 90 days during the year.

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	1 592 973	2 993 905
Section 36(1)(a)(ii) - Single provider	848 147	538 239
Section 36(1)(a)(iii) - Specialised services	72 150	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	12 776 277	9 558 509
Total	15 289 547	13 090 653

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

Vote 1 - Municipal Manager	1 372 443	2 228 707
Vote 2 - Finance	19 120	134 126
Vote 3 - Corporate Services	3 112 734	778 396
Vote 4 - Technical Services	10 636 936	5 676 517
Vote 5 - Community Services	148 314	4 272 906
Total	15 289 547	13 090 653

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

49 CAPITAL COMMITMENTS

Approved and contracted for	5 681 949	9 604 548
Land and Buildings	1 939 973	-
Infrastructure	2 968 279	8 787 557
Community Assets	773 697	816 991

This expenditure will be financed from:

Government Grants	2 444 965	9 080 219
External Loans	455 435	144 369
Own funding	2 781 549	379 960
Total	5 681 949	9 604 548

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	141 625 947	101 794 583
Receivables from exchange transactions	46 662 146	54 009 062
Long-term Receivables	6 946 335	306 473
Total	195 234 428	156 110 119

Cash and Cash Equivalents

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

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

Receivables from Exchange Transactions

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

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

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

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

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

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

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

Electricity	6 025 058	7 573 895
Water	4 662 168	5 580 108
Refuse	6 515 758	8 368 201
Sewerage	5 009 098	5 965 633
Interest	6 083 587	7 108 944
Other	1 987 148	1 064 839
Total	30 282 817	35 661 620

Past due receivables are aged as follow:

Past Due (31 - 60 Days)	2 973 523	3 920 281
Past Due (61 - 90 Days)	1 542 342	1 878 967
Past Due (90 Days +)	25 766 951	29 862 373
Total	30 282 817	35 661 620

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50 FINANCIAL RISK MANAGEMENT (CONTINUED)

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)	141 625 947	101 794 583
Long-term Liabilities (including current portion)	-	-
Net balance exposed	141 625 947	101 794 583

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

0.5% (2020 - 0.5%) increase in interest rates	708 130	508 973
0.5% (2020 - 0.5%) decrease in interest rates	(708 130)	(508 973)

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

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

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
30 JUNE 2021				
Annuity Loans	15 085 547	41 203 255	51 859 545	108 148 348
Payables from exchange transactions	25 813 652	-	-	25 813 652
Total	40 899 199	41 203 255	51 859 545	133 962 000
30 JUNE 2020				
Annuity Loans	12 641 177	43 070 109	42 764 872	98 476 158
Payables from exchange transactions	23 199 748	-	-	23 199 748
Total	35 840 925	43 070 109	42 764 872	121 675 906

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:

Financial Assets

Cash and Cash Equivalents	141 625 947	101 794 583
Bank Accounts	9 051 931	41 635 098
Call Investment Deposits	132 574 016	60 159 485
Receivables from Exchange transactions	46 662 146	54 009 062
Electricity	14 267 721	15 980 125
Water	7 842 221	8 044 377
Refuse	8 347 711	10 255 362
Sewerage	6 062 105	7 047 267
Interest	6 313 023	7 387 753
Other	3 829 365	5 294 178
Long-term Receivables	6 946 335	306 473
Receivables with repayment arrangements	6 946 335	94 681
Individual Housing Loans	-	211 792
Total	195 234 428	156 110 119

Financial Liabilities

Payables from exchange transactions	25 813 652	23 199 748
Trade Payables	19 386 803	16 256 114
Retentions	391 699	229 634
Sundry Creditors	1 447 339	1 176 833
Sundry Deposits	672 718	844 084
Unknown Receipts	3 124 096	3 386 916
Department of Human Settlements	790 997	1 306 167
Long-Term Liabilities	68 720 759	59 593 243
Annuity Loans	68 720 759	59 593 243
Total	94 534 411	82 792 991

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	24 794 003	28 460 663
Rates	22 735 563	26 655 277
Fines	2 058 440	1 805 386
Total	24 794 003	28 460 663

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

Property Rates are levied in term of the Municipal Property Rates Act, 2004 (Act 6 of 2004). Refer to note 21 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 24 for traffic fines issued for the year. No interest is levied on outstanding traffic fines.

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

Property Rates

- Past due at the reporting date, and which have been impaired	17 306 000	11 085 633
- Past due that have not been impaired	17 679 195	16 125 067

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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	171 573	248 218
Revenue collected from third parties	22 009 815	17 834 329
Commission earned on collections included in note 28	(3 330 235)	(2 540 061)
VAT on commission earned payable to the South African Revenue Services	(499 535)	(381 009)
Collections paid over to The Department	(18 191 818)	(14 989 904)
	159 800	171 573

53.2 Department of Human Settlements

The Municipality acts an agent for the Department of Human Settlements which includes, but is not limited to, assistance of emergency housing programmes (EHP's) and transfer of title deeds to beneficiaries.

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

Balance at beginning of year	790 159	821 376
Advances received during year	-	20 700
Expenditure incurred on behalf of Department	(90 212)	(51 917)
	699 947	790 159

The balance at year-end is disclosed as follow:

Advance received included in note 15	790 997	825 209
Amounts claimable included in note 4	(91 050)	(35 050)
	699 947	790 159

54 EVENTS AFTER REPORTING DATE

The Municipal had no significant events after reporting date.

55 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received donations as disclosed in note 23.

56 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

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

57 CONTINGENT LIABILITIES

The Municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

BERGRIVIER LOCAL MUNICIPALITY

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58 RELATED PARTIES

58.1 Related Party Transactions

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.

58.2 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.

58.3 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 31 and 32.

58.4 Current Employee Benefits

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

Adv H Linde	- Municipal Manager	19 618	64 502
Mr JWA Kotzee	- Director: Corporate Services	72 247	67 176
Mr DA Josephus	- Director: Community Services	222 889	59 038
Mr F M Lötter	- Chief Financial Officer	57 838	44 403
Mr AC Koch	- Director: Technical Services	56 413	37 185
Total		429 004	272 303

58.5 Other related party transactions

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

58.6 Other transactions in terms of Section 45 of the Municipal Supply Chain Regulations.

The following awards were made where immediate family members are in the service of the State:

Company Name	Related Party	Family member in service of the state	Amount	Amount
IOMU Trading	A Appollis	Spouse (Correctional Services)	28 394	28 463
Ettiene Vermaak	J Vermaak	Spouse (Karl Bremer Hospital)	207 545	58 652
Shop at Sandys	T Wessels	Daughter (Bergrivier Municipality)	11 840	10 362
Die Naaldwerk Kamer	W de Jager	Spouse (Bergrivier Municipality)	-	15 000
Shekinal at ur service	H P van Wyk	Spouse (Bergrivier Municipality)	5 000	15 200
Anderson and Nel	H Kruger	Spouse (DOJ)	17 192	3 851
Morrison Bros	J Morrison	Son (Saldanha Municipality)	306 450	525 161
Dinah Traders	N Hendricks	Husband (WCED)	337 580	270 374
Pison Hawila Construction	N Scheepers	Spouse (Bergrivier Municipality)	77 700	175 240
Aurecon	HC Ahlschlager	Spouse (SUI)	39 451	-
WRP Consulting Eng	K Mamphitha	Spouse (SABC)	19 976	-
JPCE	J Minnie	Spouse (City of Cape Town)	231 610	-
IKAPA	S Davids	Spouse (WCED)	457 797	-
CONLOG	N Moodley	Spouse (Dept of Health)	649 937	-
The Lady Bee	T Engelbrecht	Daughter (Dept of Health)	61 030	-
Mubesko	L Saaiman	Spouse (WCED)	1 899 786	-
	J Niehaus	Spouse (Northern Cape Health Dept)		
Total			4 351 287	1 102 302

BERGRIVIER LOCAL MUNICIPALITY

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

Figures in Rand

2021

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59 CONTINGENT ASSET

The Municipality is not aware of any contingent assets.

60 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.

61 IMPACT OF COVID-19 ON FINANCIAL SUSTAINABILITY

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

The Municipality incurred costs amounting to R607 288 (2020 - R990 661) in the fight against the COVID-19 pandemic of which Rnil (2020 - R672 000) was grant funded. The remaining expenditure was funded by the Municipality.

The Municipality assessed the impact of the COVID-19 pandemic by comparing the financial indicators of 2019/20 to 2020/21 as follow:

Cash available for working capital requirement	99 452 764	64 019 288
Current Ratio (norm - at least 2:1)	3.17	3.27
Cash coverage ratio (norm - 3 months or more)	4.84 months	3.73 months
Creditors days (norm - 30 days or less)	33 days	30 days
Debtors collection rate (95% or more)	96.73%	91.71%

The result of the above-mentioned ratio's are favourable and has shown improvement when compared to the prior year. The results are therefore indicative that the economic environment is stabilising from the lockdown levels.

62 iGRAP 18 - RECOGNITION AND DERECOGNITION OF LAND

The Municipality has assessed that it does not control certain portions of land of which it is the legal owner. The said land pertains to the town of Elands Bay of which the demarcation borders were revised and accordingly excluded from the jurisdictional area of the Municipality. The title deeds of the said erven has not been transferred.

63 NON-LIVING RESOURCES

Other than land, the Municipality identified an aquifer in the Aurora area as the only non-living resource of which the water is being extracted with the use of boreholes.

BERGRIVIER LOCAL MUNICIPALITY

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

Figures in Rand

2021

2020

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 41 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, swimming pools, halls, cemeteries, parks, housing 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	Road transport	Construction and maintenance of roads and storm water
7	Energy sources	Electricity services
8	Water management	Water services
9	Waste water management	Sewerage services
10	Waste management	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.

BERGRIVIER LOCAL MUNICIPALITY

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

64 SEGMENT REPORTING (CONTINUED)

	Governance and administration R	Community Services R	Holiday Resorts R	Public Safety R	Planning and development R	Road transport R	Energy sources R	Water management R	Waste water management R	Waste management R	Total R
2021											
REVENUE											
External Revenue from Non-Exchange Transactions	126 378 987	9 274 835	9 983	20 427 144	13 026 889	7 518 807	6 772 713	3 075 314	8 059 884	6 273 756	200 818 313
Property Rates	79 313 260	-	-	-	-	-	-	-	-	-	79 313 260
Government Grants and Subsidies - Operating	44 789 644	7 277 531	-	-	2 143 224	2 135 000	1 949 945	2 277 220	3 834 288	5 614 075	70 020 927
Government Grants and Subsidies - Capital	-	1 978 240	-	-	10 883 665	-	4 763 241	-	1 507 987	659 681	19 792 815
Contributed Assets	800 000	-	-	-	-	5 383 040	-	794 384	2 717 609	-	9 695 034
Insurance Refund	122 909	13 889	9 983	77 464	-	767	26 797	-	-	-	251 809
Fines, penalties and forfeits	1 353 174	5 174	-	20 349 680	-	-	32 730	3 710	-	-	21 744 468
External Revenue from Exchange Transactions	12 197 627	791 446	3 149 641	4 715 943	2 156 670	9 627	125 584 696	31 979 550	14 509 945	24 204 345	219 299 490
Service Charges	-	-	-	-	-	-	125 117 662	31 979 550	14 494 406	24 134 484	195 726 102
Rental of Facilities and Equipment	978 704	174 253	3 139 469	-	-	-	-	-	-	-	4 292 426
Interest Earned - external investments	5 663 349	-	-	-	-	-	-	-	-	-	5 663 349
Interest Earned - outstanding debtors	4 941 766	-	-	-	-	-	-	-	-	-	4 941 766
Licences and Permits	-	-	-	-	94 336	-	-	-	-	-	94 336
Agency Services	-	-	-	4 707 682	-	-	-	-	-	-	4 707 682
Other Income	613 808	617 193	10 172	8 261	2 062 334	9 627	467 034	-	15 539	69 861	3 873 829
Construction Contracts	-	4 865 154	-	-	-	-	-	-	-	-	4 865 154
TOTAL REVENUE	138 576 614	14 931 435	3 159 624	25 143 087	15 183 560	7 528 434	132 357 409	35 054 864	22 569 830	30 478 101	424 982 957
EXPENDITURE											
Employee Related Costs	46 441 803	17 853 624	3 642 008	12 000 761	7 235 495	19 399 831	9 558 131	5 518 763	3 545 725	9 780 433	134 976 575
Remuneration of Councillors	6 654 639	-	-	-	-	-	-	-	-	-	6 654 639
Debt Impairment	9 675 040	-	-	16 487 861	-	-	943 447	1 186 216	1 783 571	3 089 472	33 165 608
Depreciation and Amortisation	2 035 642	2 219 856	802 716	609 251	89 929	3 890 466	2 070 555	2 323 278	3 173 077	5 046 006	22 260 777
Finance Charges	5 779 800	-	-	-	-	1 746 893	300 423	961 570	766 242	5 886 633	15 441 561
Bulk Purchases	-	-	-	-	-	-	100 415 330	4 712 775	-	-	105 128 105
Contracted Services	5 851 262	6 652 068	273 966	2 120 756	221 756	1 049 854	375 604	855 324	930 107	5 689 679	24 020 376
Transfers and Grants	5 504 853	-	-	-	-	-	-	-	-	-	5 504 853
Other Expenditure	16 069 604	2 031 428	503 294	1 363 946	638 466	2 797 927	3 827 370	3 533 034	756 496	3 757 707	35 279 272
Actuarial Losses	2 135 498	-	-	-	-	-	-	-	-	-	2 135 498
Loss on disposal of Non-Monetary Assets	2 224 957	-	-	-	-	-	-	-	-	-	2 224 957
Total Expenditure	102 373 099	28 756 977	5 221 984	32 582 575	8 185 646	28 884 971	117 490 861	19 090 960	10 955 218	33 249 930	386 792 222
NET SURPLUS/(DEFICIT) FOR THE YEAR	36 203 515	(13 825 542)	(2 062 360)	(7 439 488)	6 997 914	(21 356 537)	14 866 548	15 963 903	11 614 611	(2 771 829)	38 190 735
Less: Government Grants and Subsidies - Capital	-	(1 978 240)	-	-	(10 883 665)	-	(4 763 241)	-	(1 507 987)	(659 681)	(19 792 815)
Less: Contributed Assets	(800 000)	-	-	-	-	(5 383 040)	-	(794 384)	(2 717 609)	-	(9 695 034)
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	35 403 515	(15 803 782)	(2 062 360)	(7 439 488)	(3 885 751)	(26 739 577)	10 103 307	15 169 519	7 389 015	(3 431 510)	8 702 886
CAPITAL EXPENDITURE FOR THE YEAR	3 700 555	7 658 956	531 649	1 287 615	1 671 385	16 088 356	8 684 042	2 594 725	6 289 300	1 446 010	49 952 593

BERGRIVIER LOCAL MUNICIPALITY

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

64 SEGMENT REPORTING (CONTINUED)

	Governance and administration R	Community Services R	Holiday Resorts R	Public Safety R	Planning and development R	Road transport R	Energy sources R	Water management R	Waste water management R	Waste management R	Total R
2020											
REVENUE											
External Revenue from Non-Exchange Transactions	120 897 126	7 480 296	-	17 920 812	18 588 515	1 519 000	4 158 644	2 118 000	3 095 000	5 064 705	180 842 097
Property Rates	74 039 877	-	-	-	-	-	-	-	-	-	74 039 877
Government Grants and Subsidies - Operating	37 323 768	6 478 382	-	-	2 478 282	1 519 000	2 078 135	2 118 000	3 095 000	5 023 969	60 114 535
Government Grants and Subsidies - Capital	200 640	1 000 736	-	820 262	16 110 233	-	2 020 204	-	-	40 736	20 192 811
Contributed Assets	-	-	-	-	-	-	-	-	-	-	-
Insurance Refund	8 389	-	-	-	-	-	8 311	-	-	-	16 699
Fines, penalties and forfeits	866 978	1 178	-	17 100 550	-	-	51 994	-	-	-	18 020 700
Actuarial Gains	8 457 475	-	-	-	-	-	-	-	-	-	8 457 475
External Revenue from Exchange Transactions	22 089 341	701 418	3 621 474	3 707 918	1 190 660	28 648	117 066 726	28 752 115	13 414 629	22 279 567	212 852 494
Service Charges	-	-	-	-	-	-	117 047 304	28 752 115	13 397 853	22 237 514	181 434 786
Rental of Facilities and Equipment	993 326	251 507	3 610 546	-	-	-	-	-	-	-	4 855 379
Interest Earned - external investments	7 688 308	-	-	-	-	-	-	-	-	-	7 688 308
Interest Earned - outstanding debtors	7 863 360	-	-	-	-	-	-	-	-	-	7 863 360
Licences and Permits	-	-	-	-	83 329	-	-	-	-	-	83 329
Agency Services	-	-	-	3 676 808	-	-	-	-	-	-	3 676 808
Other Income	366 805	449 911	10 928	31 111	1 107 330	28 648	19 422	-	16 776	42 052	2 072 983
Gain on disposal of Non-Monetary Assets	5 177 542	-	-	-	-	-	-	-	-	-	5 177 542
Construction Contracts	-	3 863 185	-	-	-	-	-	-	-	-	3 863 185
TOTAL REVENUE	142 986 467	12 044 899	3 621 474	21 628 730	19 779 174	1 547 648	121 225 369	30 870 115	16 509 629	27 344 271	397 557 775
EXPENDITURE											
Employee Related Costs	44 266 278	18 383 774	3 360 561	11 325 782	7 110 378	19 600 097	9 299 007	5 720 334	2 857 914	9 023 647	130 947 771
Remuneration of Councillors	6 669 207	-	-	-	-	-	-	-	-	-	6 669 207
Debt Impairment	9 558 240	-	-	13 490 266	-	-	1 511 600	3 293 331	2 739 943	4 086 697	34 680 078
Depreciation and Amortisation	2 409 813	1 882 620	397 077	623 064	60 297	3 377 260	2 038 747	3 353 487	1 105 080	3 835 999	19 083 444
Finance Charges	6 112 690	-	-	-	-	1 599 390	257 100	1 045 902	576 820	6 204 223	15 796 125
Bulk Purchases	-	-	-	-	-	-	92 750 851	4 066 733	-	-	96 817 583
Contracted Services	5 527 861	4 776 049	453 620	1 666 880	306 133	798 039	958 421	703 687	677 219	4 843 864	20 711 772
Transfers and Grants	6 088 217	-	-	-	-	-	-	-	-	-	6 088 217
Other Expenditure	15 396 719	1 919 191	531 032	1 252 973	499 193	2 339 289	5 350 261	2 998 672	623 465	3 665 155	34 575 949
Total Expenditure	96 029 026	26 961 633	4 742 290	28 358 966	7 976 001	27 714 075	112 165 987	21 182 145	8 580 441	31 659 585	365 370 147
NET SURPLUS/(DEFICIT) FOR THE YEAR	46 957 441	(14 916 734)	(1 120 816)	(6 730 236)	11 803 173	(26 166 427)	9 059 382	9 687 970	7 929 187	(4 315 313)	32 187 628
Less: Government Grants and Subsidies - Capital	(200 640)	(1 000 736)	-	(820 262)	(16 110 233)	-	(2 020 204)	-	-	(40 736)	(20 192 811)
Less: Contributed Assets	-	-	-	-	-	-	-	-	-	-	-
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	46 756 801	(15 917 470)	(1 120 816)	(7 550 498)	(4 307 060)	(26 166 427)	7 039 178	9 687 970	7 929 187	(4 356 049)	11 994 818
CAPITAL EXPENDITURE FOR THE YEAR	2 602 560	3 585 535	128 134	1 954 047	4 151 860	14 521 668	5 323 587	1 768 915	6 039 531	806 610	40 882 447

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2021

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2020	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2021
<u>ANNUITY LOANS</u>							
DBSA	61003131	16.50%	2020/12/31	79 533	-	(79 533)	-
Nedbank	05/7831032282	11.27%	2023/06/12	1 634 381	-	(493 638)	1 140 743
DBSA	61001029	12.41%	2030/06/30	13 427 924	-	(737 187)	12 690 737
DBSA	61006811	11.53%	2031/06/30	3 204 568	-	(156 517)	3 048 052
DBSA	61006837	11.59%	2036/06/30	7 997 778	-	(188 796)	7 808 982
DBSA	61006975	11.33%	2032/06/30	3 310 165	-	(140 187)	3 169 978
Standard Bank	252933753	11.95%	2024/06/30	3 690 958	-	(768 646)	2 922 312
Standard Bank	410683566	10.26%	2023/06/30	3 998 154	-	(1 204 871)	2 793 284
ABSA	3044794458	9.99%	2021/06/30	102 498	-	(102 498)	-
ABSA	3044701437	10.57%	2026/06/12	4 085 138	-	(516 155)	3 568 983
ABSA	3046456438	10.12%	2027/06/30	4 768 849	-	(493 567)	4 275 282
ABSA	3046456399	9.77%	2022/06/30	358 755	-	(170 667)	188 087
DBSA	61007572	9.28%	2029/06/29	5 469 284	-	(415 464)	5 053 820
DBSA	61007573	8.90%	2024/06/30	915 259	-	(200 448)	714 811
DBSA	61007642	10.07%	2023/06/12	6 550 000	-	(404 312)	6 145 688
Standard Bank	654527	9.02%	2031/06/30	-	11 800 000	-	11 800 000
ABSA	3054195743	7.22%	2026/06/30	-	3 400 000	-	3 400 000
Total Annuity Loans				59 593 243	15 200 000	(6 072 484)	68 720 759

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

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

	OPENING BALANCE R	GRANTS RECEIVED / (REPAID) R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	TRANSFER TO / (FROM) RECEIVABLES R	CLOSING BALANCE R
NATIONAL GOVERNMENT						
Equitable Share	-	55 355 000	(55 355 000)	-	-	-
Finance Management Grant (FMG)	-	1 550 000	(1 550 000)	-	-	-
Municipal Infrastructure Grant (MIG)	-	14 301 000	(2 143 224)	(9 465 166)	-	2 692 609
Expanded Public Works Programme (EPWP)	-	2 135 000	(2 135 000)	-	-	-
Integrated National Electrification Programme (INEP)	2 486 661	3 000 000	(714 486)	(4 763 241)	-	8 934
Municipal Disaster Relief Grant (COGTA)	-	-	-	-	-	-
Water Service Infrastructure Grant (WSIG)	-	6 596 000	(208 174)	(1 507 987)	-	4 879 839
Total	2 486 661	82 937 000	(62 105 884)	(15 736 395)	-	7 581 382
PROVINCIAL GOVERNMENT						
CDW Contribution	-	-	-	-	-	-
Western Cape Financial Management Support Grant	-	-	-	-	-	-
Proclaimed Roads	-	-	-	-	-	-
Regional Socio - Economic Project/Violence Prevention through Urban Upgrading	459 485	1 000 001	-	(1 418 499)	-	40 987
Library Services	1 504 449	7 474 000	(6 546 108)	(1 978 240)	-	454 101
Financial Management Capacity Building Grant	24 677	275 323	(206 423)	-	-	93 577
Local Government Graduate Internship Allocation	-	-	-	-	-	-
Development of Sport and Recreation Facilities	45 960	(45 960)	-	-	-	-
Fire Service Capacity Building Grant	9 739	(9 739)	-	-	-	-
Local Government Support Grant - COVID-19	-	-	-	-	-	-
Department of Human Settlements	104 947	926 489	(731 423)	-	-	300 013
Total	2 149 257	9 620 114	(7 483 954)	(3 396 739)	-	888 678
OTHER GRANT PROVIDERS						
Heist op den Berg	194 774	734 695	(236 469)	(659 681)	-	33 319
Chieta Training Grant	202 214	241 989	(194 619)	-	-	249 584
Total	396 988	976 684	(431 088)	(659 681)	-	282 903
ALL SPHERES OF GOVERNMENT	5 032 906	93 533 798	(70 020 927)	(19 792 815)	-	8 752 963

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
Financial Performance						
Property rates	77 766 345	101 600	77 867 945	79 313 260	1 445 315	74 039 877
Service charges	192 998 268	587 000	193 585 268	195 726 102	2 140 834	181 434 786
Investment revenue	5 145 000	(350 000)	4 795 000	5 663 349	868 349	7 688 308
Transfers and subsidies - operational	68 914 304	6 244 913	75 159 217	70 020 927	(5 138 290)	60 114 535
Other own revenue	19 743 000	19 261 150	39 004 150	44 771 471	5 767 321	54 087 459
Total Operating Revenue (excluding capital transfers)	364 566 917	25 844 663	390 411 580	395 495 108	5 083 528	377 364 964
Employee costs	133 996 164	4 360 687	138 356 851	134 976 575	(3 380 276)	130 947 771
Remuneration of councillors	7 010 500	-	7 010 500	6 654 639	(355 861)	6 669 207
Debt impairment	26 852 000	14 137 500	40 989 500	33 165 607	(7 823 893)	34 680 078
Depreciation and asset impairment	23 628 000	(329 000)	23 299 000	22 260 778	(1 038 222)	19 083 443
Finance charges	16 675 583	(553 083)	16 122 500	15 441 561	(680 939)	15 796 125
Bulk purchases	102 198 000	470 000	102 668 000	105 128 105	2 460 105	96 817 583
Other Materials	11 238 915	1 208 041	12 446 956	-	(12 446 956)	-
Contracted Services	22 732 165	5 559 279	28 291 444	24 020 376	(4 271 068)	20 711 772
Transfers and grants	4 576 160	1 344 950	5 921 110	5 504 853	(416 257)	6 088 217
Other expenditure	29 686 365	912 666	30 599 031	37 414 769	6 815 738	34 575 949
Loss on disposal of PPE	-	-	-	2 224 958	2 224 958	-
Total Expenditure	378 593 852	27 111 040	405 704 892	386 792 222	(18 912 670)	365 370 147
Surplus/(Deficit)	(14 026 935)	(1 266 377)	(15 293 312)	8 702 886	23 996 198	11 994 818
Transfers and subsidies - capital (monetary) - Government	15 769 696	5 591 373	21 361 069	19 792 815	(1 568 254)	20 192 811
Transfers and subsidies - capital (monetary) - Other Grant Providers	-	937 000	937 000	-	(937 000)	-
Transfers and subsidies - capital (in-kind)	-	-	-	9 695 034	9 695 034	-
Surplus/(Deficit) for the year	1 742 761	5 261 996	7 004 757	38 190 735	31 185 978	32 187 628
Capital expenditure & funds sources						
Capital expenditure	43 336 196	13 019 446	56 355 642	49 952 593	(6 403 049)	40 882 447
Transfers recognised - capital	15 769 696	6 428 373	22 198 069	19 792 815	(2 405 254)	20 192 811
Borrowing	15 200 000	843 755	16 043 755	14 504 038	(1 539 717)	6 306 245
Internally generated funds	12 366 500	5 747 318	18 113 818	15 655 740	(2 458 078)	14 383 391
Total sources of capital funds	43 336 196	13 019 446	56 355 642	49 952 593	(6 403 049)	40 882 447
Cash flows						
Net cash from (used) operating	33 588 064	6 266 747	39 854 811	77 397 224	37 542 414	67 948 597
Net cash from (used) investing	(43 336 196)	(13 019 446)	(56 355 642)	(47 125 912)	9 229 730	(39 194 048)
Net cash from (used) financing	9 392 060	799 231	10 191 291	9 562 050	(629 241)	1 619 779
Net Cash Movement for the year	(356 073)	(5 953 468)	(6 309 540)	39 833 362	46 142 902	30 374 328
Cash/cash equivalents at beginning of year	61 549 039	40 263 395	101 812 433	101 812 433	-	71 438 105
Cash/cash equivalents at the year end	61 192 966	34 309 927	95 502 893	141 645 796	46 142 902	101 812 433

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	35 131 000	6 565 650	41 696 650	39 229 846	(2 466 804)	34 720 000
Finance and administration	93 999 345	(1 891 400)	92 107 945	99 140 122	7 032 177	107 821 467
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	8 063 000	1 590 450	9 653 450	9 269 299	(384 151)	7 591 234
Sport and recreation	2 224 000	(19 500)	2 204 500	3 225 183	1 020 683	3 849 442
Public safety	1 956 000	20 231 000	22 187 000	20 435 405	(1 751 596)	17 951 922
Housing	5 048 000	(28 000)	5 020 000	5 596 577	576 577	4 225 697
Economic and environmental services						
Planning and development	16 716 000	830 485	17 546 485	15 390 206	(2 156 279)	20 224 174
Road transport	7 037 000	(114 000)	6 923 000	11 227 541	4 304 541	5 224 456
Trading services						
Energy sources	132 498 766	2 016 661	134 515 427	132 357 409	(2 158 018)	121 225 369
Water management	30 853 502	325 000	31 178 502	35 054 864	3 876 362	30 870 115
Waste water management	17 688 000	1 956 000	19 644 000	23 578 405	3 934 405	16 509 629
Waste management	29 122 000	910 690	30 032 690	30 478 101	445 411	27 344 271
Total Revenue - Standard	380 336 613	32 373 036	412 709 649	424 982 957	12 273 308	397 557 776
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	20 875 950	1 591 980	22 467 930	20 565 995	(1 901 935)	22 024 731
Finance and administration	76 413 327	(1 318 603)	75 094 724	76 994 089	1 899 365	69 077 503
Internal audit	1 569 290	(219 500)	1 349 790	1 313 556	(36 234)	1 376 495
Community and public safety						
Community and social services	11 591 565	(84 800)	11 506 765	10 733 505	(773 260)	8 939 394
Sport and recreation	15 908 535	1 559 908	17 468 443	16 150 062	(1 318 381)	16 901 530
Public safety	14 373 700	20 984 090	35 357 790	31 271 954	(4 085 836)	26 871 791
Housing	6 650 285	(6 299)	6 643 986	7 095 394	451 408	5 862 998
Economic and environmental services						
Planning and development	12 605 700	(133 700)	12 472 000	11 685 105	(786 895)	11 526 299
Road transport	29 176 500	1 089 114	30 265 614	29 311 930	(953 684)	28 559 864
Trading services						
Energy sources	119 501 700	(1 772 800)	117 728 900	117 490 861	(238 039)	112 165 987
Water management	23 099 600	1 379 520	24 479 120	19 090 960	(5 388 160)	21 182 145
Waste water management	17 457 400	(1 631 500)	15 825 900	11 838 881	(3 987 019)	9 221 826
Waste management	29 370 300	5 673 630	35 043 930	33 249 930	(1 794 000)	31 659 585
Total Expenditure - Standard	378 593 852	27 111 040	405 704 892	386 792 221	(18 912 671)	365 370 149
Surplus/(Deficit) for the year	1 742 761	5 261 996	7 004 757	38 190 735	31 185 978	32 187 627

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Municipal Manager	35 576 000	6 565 650	42 141 650	39 436 492	(2 705 158)	35 165 000
Vote 2 - Finance	92 573 345	(2 094 400)	90 478 945	97 293 720	6 814 775	98 243 642
Vote 3 - Corporate Services	1 491 000	468 485	1 959 485	1 898 047	(61 438)	12 826 574
Vote 4 - Technical Services	228 673 268	5 764 351	234 437 619	243 120 552	8 682 933	214 027 457
Vote 5 - Community Services	22 023 000	21 668 950	43 691 950	43 234 145	(457 805)	37 295 103
Total Revenue by Vote	380 336 613	32 373 036	412 709 649	424 982 957	12 273 308	397 557 776
EXPENDITURE						
Vote 1 - Municipal Manager	26 294 540	1 254 980	27 549 520	25 379 009	(2 170 511)	26 951 523
Vote 2 - Finance	40 914 200	(972 833)	39 941 367	39 117 685	(823 682)	35 918 783
Vote 3 - Corporate Services	28 755 027	(737 584)	28 017 443	28 781 902	764 459	27 538 932
Vote 4 - Technical Services	230 751 700	5 115 614	235 867 314	224 319 680	(11 547 634)	213 296 736
Vote 5 - Community Services	51 878 385	22 450 863	74 329 248	69 193 944	(5 135 304)	61 664 175
Total Expenditure by Vote	378 593 852	27 111 040	405 704 892	386 792 221	(18 912 671)	365 370 149
Surplus/(Deficit) for the year	1 742 761	5 261 996	7 004 757	38 190 735	31 185 978	32 187 627

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	77 766 345	101 600	77 867 945	79 313 260	1 445 315	74 039 877
Service charges - electricity revenue	128 740 766	(500 000)	128 240 766	125 117 662	(3 123 104)	117 047 304
Service charges - water revenue	28 134 502	320 000	28 454 502	31 979 550	3 525 048	28 752 115
Service charges - sanitation revenue	13 708 000	360 000	14 068 000	14 494 406	426 406	13 397 853
Service charges - refuse revenue	22 415 000	407 000	22 822 000	24 134 484	1 312 484	22 237 514
Rental of facilities and equipment	1 385 000	108 650	1 493 650	4 292 426	2 798 776	4 855 379
Interest earned - external investments	5 145 000	(350 000)	4 795 000	5 663 349	868 349	7 688 308
Interest earned - outstanding debtors	7 460 000	(2 000 000)	5 460 000	4 941 766	(518 234)	7 863 360
Fines, penalties and forfeits	2 044 000	20 161 000	22 205 000	21 744 468	(460 532)	18 020 700
Licences and permits	49 000	21 000	70 000	94 336	24 336	83 329
Agency services	4 732 000	(105 000)	4 627 000	4 707 682	80 682	3 676 808
Transfers and subsidies - Operating	68 914 304	6 244 913	75 159 217	70 020 927	(5 138 290)	60 114 535
Other revenue	4 073 000	1 075 500	5 148 500	8 990 792	3 842 292	14 410 342
Gain on disposal of PPE	-	-	-	-	-	5 177 542
Total Revenue (excl capital transfers)	364 566 917	25 844 663	390 411 580	395 495 108	5 083 528	377 364 964
EXPENDITURE BY TYPE						
Employee related costs	133 996 164	4 360 687	138 356 851	134 976 575	(3 380 276)	130 947 771
Remuneration of councillors	7 010 500	-	7 010 500	6 654 639	(355 861)	6 669 207
Debt impairment	26 852 000	14 137 500	40 989 500	33 165 607	(7 823 893)	34 680 078
Depreciation and asset impairment	23 628 000	(329 000)	23 299 000	22 260 778	(1 038 222)	19 083 443
Finance charges	16 675 583	(553 083)	16 122 500	15 441 561	(680 939)	15 796 125
Bulk purchases	102 198 000	470 000	102 668 000	105 128 105	2 460 105	96 817 583
Other Materials	11 238 915	1 208 041	12 446 956	-	(12 446 956)	-
Contracted Services	22 732 165	5 559 279	28 291 444	24 020 376	(4 271 068)	20 711 772
Transfers and grants	4 576 160	1 344 950	5 921 110	5 504 853	(416 257)	6 088 217
Other expenditure	29 686 365	912 666	30 599 031	37 414 769	6 815 738	34 575 949
Loss on disposal of PPE	-	-	-	2 224 958	2 224 958	-
Total Expenditure	378 593 852	27 111 040	405 704 892	386 792 222	(18 912 670)	365 370 147
Surplus/(Deficit)	(14 026 935)	(1 266 377)	(15 293 312)	8 702 886	23 996 198	11 994 818
Transfers and subsidies - capital (monetary) - Government	15 769 696	5 591 373	21 361 069	19 792 815	(1 568 254)	20 192 811
Transfers and subsidies - capital (monetary) - Other Grant Providers	-	937 000	937 000	-	(937 000)	-
Transfers and subsidies - Capital (in-kind)	-	-	-	9 695 034	9 695 034	-
Surplus/(Deficit) for the year	1 742 761	5 261 996	7 004 757	38 190 735	31 185 978	32 187 628

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 1 - Municipal Manager	-	-	-	-	-	-
Vote 2 - Finance	-	-	-	-	-	-
Vote 3 - Corporate Services	50 000	(50 000)	-	-	-	4 040 515
Vote 4 - Technical Services	10 857 307	(300 386)	10 556 921	8 500 061	(2 056 860)	6 767 615
Vote 5 - Community Services	1 605 000	(1 239 882)	365 118	359 004	(6 114)	228 968
Total Multi-year expenditure	12 512 307	(1 590 268)	10 922 039	8 859 065	(2 062 974)	11 037 097
Single-year expenditure						
Vote 1 - Municipal Manager	199 500	737 500	937 000	589 192	(347 808)	160 609
Vote 2 - Finance	240 000	1 100 000	1 340 000	1 328 722	(11 278)	219 711
Vote 3 - Corporate Services	2 405 000	690 320	3 095 320	2 537 310	(558 010)	1 410 860
Vote 4 - Technical Services	23 169 389	7 681 498	30 850 887	27 519 089	(3 331 798)	22 615 422
Vote 5 - Community Services	4 810 000	4 400 396	9 210 396	9 119 215	(91 181)	5 438 748
Total Single-year expenditure	30 823 889	14 609 714	45 433 603	41 093 528	(4 340 075)	29 845 350
Total Capital Expenditure by Vote	43 336 196	13 019 446	56 355 642	49 952 593	(6 403 049)	40 882 447
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	30 000	-	30 000	27 302	(2 698)	80 499
Finance and administration	2 369 000	1 337 897	3 706 897	3 111 364	(595 533)	2 441 951
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	1 675 000	2 435 215	4 110 215	4 131 451	21 236	1 431 011
Sport and recreation	3 385 000	705 141	4 090 141	4 059 154	(30 987)	2 256 029
Public safety	1 355 000	20 158	1 375 158	1 287 615	(87 543)	1 954 047
Housing	-	-	-	-	-	26 629
Economic and environmental services						
Planning and development	1 459 500	1 160 623	2 620 123	2 233 275	(386 848)	4 231 970
Road transport	13 747 389	2 645 217	16 392 606	15 975 034	(417 572)	11 205 641
Trading services						
Energy sources	7 018 696	2 115 369	9 134 065	8 684 042	(450 023)	5 323 587
Water management	4 655 000	(264 000)	4 391 000	2 594 725	(1 796 275)	1 768 915
Waste water management	6 933 611	1 729 826	8 663 437	6 402 622	(2 260 815)	9 355 558
Waste management	708 000	1 134 000	1 842 000	1 446 010	(395 990)	806 610
Total Capital Expenditure - Standard	43 336 196	13 019 446	56 355 642	49 952 593	(6 403 049)	40 882 447

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
CAPITAL EXPENDITURE (CONTINUED)						
FUNDING SOURCES						
National Government	14 569 696	3 395 357	17 965 053	15 736 395	(2 228 658)	14 290 562
Provincial Government	1 200 000	2 196 016	3 396 016	3 396 739	723	5 861 512
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	837 000	837 000	659 681	(177 319)	40 736
Transfers recognised - capital	15 769 696	6 428 373	22 198 069	19 792 814.84	(2 405 254)	20 192 811
Borrowing	15 200 000	843 755	16 043 755	14 504 038	(1 539 717)	6 306 245
Internally generated funds	12 366 500	5 747 318	18 113 818	15 655 740	(2 458 078)	14 383 391
Total Capital Funding	43 336 196	13 019 446	56 355 642	49 952 593	(6 403 049)	40 882 447

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	70 469 614	4 773 230	75 242 844	78 216 702	2 973 859	67 655 439
Service charges	177 283 525	479 560	177 763 085	192 602 331	14 839 246	173 840 914
Other revenue	10 502 000	4 525 150	15 027 150	22 569 811	7 542 661	17 330 508
Government - operating	68 914 304	5 720 672	74 634 976	73 740 983	(893 992)	63 955 899
Government - capital	15 769 696	6 389 870	22 159 566	19 792 815	(2 366 751)	20 192 811
Interest	7 756 000	(1 319 167)	6 436 833	5 663 349	(773 484)	7 688 308
Payments						
Suppliers and employees	(305 689 415)	(12 957 617)	(318 647 032)	(303 115 204)	15 531 828	(270 098 685)
Finance charges	(6 841 500)	-	(6 841 500)	(6 568 710)	272 790	(6 528 379)
Transfers and grants	(4 576 160)	(1 344 950)	(5 921 110)	(5 504 853)	416 257	(6 088 217)
NET CASH FROM OPERATING ACTIVITIES	33 588 064	6 266 747	39 854 811	77 397 224	37 542 414	67 948 597
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	751 135	751 135	5 550 000
Payments						
Capital assets	(43 336 196)	(13 019 446)	(56 355 642)	(47 877 047)	8 478 595	(44 744 048)
NET CASH USED IN INVESTING ACTIVITIES	(43 336 196)	(13 019 446)	(56 355 642)	(47 125 912)	9 229 730	(39 194 048)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	15 200 000	843 755	16 043 755	15 200 000	(843 755)	6 550 000
Increase (decrease) in consumer deposits	212 560	7 440	220 000	434 535	214 535	220 006
Payments						
Repayment of borrowing	(6 020 500)	(51 964)	(6 072 464)	(6 072 485)	(21)	(5 150 227)
NET CASH FROM FINANCING ACTIVITIES	9 392 060	799 231	10 191 291	9 562 050	(629 241)	1 619 779
NET INCREASE/ (DECREASE) IN CASH HELD	(356 073)	(5 953 468)	(6 309 540)	39 833 362	46 142 902	30 374 328
Cash/cash equivalents at the year begin:	61 549 039	40 263 395	101 812 433	101 812 433	-	71 438 105
Cash/cash equivalents at the year end:	61 192 966	34 309 927	95 502 893	141 645 797	46 142 904	101 812 433

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

OPERATING DEPARTMENTAL REVENUE AND EXPENDITURE FOR THE YEAR END 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 %
OPERATING REVENUE				
Vote 1 - Municipal Manager				
Mayor and Council	-	-	-	0%
Municipal Manager	35 131 000	41 696 650	39 229 846	-6%
Economic Development/Planning	445 000	445 000	206 646	-54%
Internal Audit	-	-	-	0%
Vote 2 - Finance				
Finance	92 562 345	90 452 945	97 249 590	8%
Budget and Treasury Office	-	-	-	0%
Supply Chain Management	11 000	26 000	44 130	70%
Director Finance Services	-	-	-	0%
Vote 3 - Corporate Services				
Planning and Development	231 000	240 000	282 166	18%
Human Resources	257 000	257 000	194 619	-24%
Information Technology	-	-	-	0%
Administrative and Corporate Support	3 000	3 000	2 763	-8%
Director Corporate Services	-	-	-	0%
Vote 4 - Technical Services				
Building Control	561 000	1 101 000	1 874 504	70%
Project Management Unit	2 518 000	2 494 783	2 143 224	-14%
Property Services	1 166 000	1 369 000	849 020	-38%
Director Technical Services	-	-	-	0%
Solid Waste Removal	29 122 000	29 195 690	29 818 420	2%
Street Cleaning	-	-	-	0%
Sewerage	17 688 000	18 256 174	18 344 233	0%
Waste Water Treatment	-	-	-	0%
Storm Water Management	-	-	-	0%
Water Distribution	30 853 502	31 178 502	34 260 479	10%
Water Treatment	-	-	-	0%
Roads	2 305 000	2 246 000	2 145 394	-4%
Electricity	129 890 070	129 694 417	127 594 168	-2%
Street Lighting	-	-	-	0%
Vote 5 - Community Services				
Director Community Services	-	-	-	0%
Libraries and Archives	7 325 000	7 074 919	6 583 082	-7%
Community Halls and Facilities	150 000	142 000	157 734	11%
Cemeteries	388 000	500 000	550 243	10%
Housing Core	48 000	20 000	-	-100%
Housing Non-Core	5 000 000	5 000 000	5 596 577	12%
Traffic Control	1 951 000	22 182 000	20 435 405	-8%
Fire Fighting and Protection	5 000	5 000	-	-100%
Community Parks	167 000	167 000	45 417	-73%
Sports Grounds and Stadiums	-	-	13 889	0%
Swimming Pools	15 000	500	6 252	1150%
Holiday Resorts	2 042 000	2 037 000	3 159 624	55%
Road and Traffic Regulation	4 732 000	4 627 000	4 707 682	2%
TOTAL OPERATING REVENUE	364 566 917	390 411 580	395 495 108	1%

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

OPERATING DEPARTMENTAL REVENUE AND EXPENDITURE FOR THE YEAR END 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 %
EXPENDITURE				
Vote 1 - Municipal Manager				
Mayor and Council	10 046 400	9 645 730	8 950 807	-7%
Municipal Manager	10 829 550	12 822 200	11 615 187	-9%
Economic Development/Planning	3 849 300	3 731 800	3 499 459	-6%
Internal Audit	1 569 290	1 349 790	1 313 556	-3%
Vote 2 - Finance				
Finance	30 911 300	28 677 723	28 416 899	-1%
Budget and Treasury Office	2 124 200	2 120 200	2 038 900	-4%
Supply Chain Management	5 736 600	6 873 344	6 564 377	-4%
Director Finance Services	2 142 100	2 270 100	2 097 509	-8%
Vote 3 - Corporate Services				
Planning and Development	4 660 300	4 652 100	4 485 783	-4%
Human Resources	11 427 227	10 440 700	12 455 663	19%
Information Technology	4 320 100	3 863 100	4 128 990	7%
Administrative and Corporate Support	6 347 900	7 000 643	5 936 436	-15%
Director Corporate Services	1 999 500	2 060 900	1 775 030	-14%
Vote 4 - Technical Services				
Building Control	2 166 300	2 306 300	2 132 931	-8%
Project Management Unit	1 929 800	1 781 800	1 566 932	-12%
Property Services	7 421 500	7 790 500	6 578 123	-16%
Director Technical Services	1 995 200	2 028 200	4 369 753	115%
Solid Waste Removal	26 094 800	31 276 088	29 623 091	-5%
Street Cleaning	3 275 500	3 767 842	3 626 840	-4%
Sewerage	12 857 400	13 592 900	9 659 394	-29%
Waste Water Treatment	3 760 500	1 441 500	1 295 825	-10%
Storm Water Management	839 500	791 500	883 662	12%
Water Distribution	20 590 200	21 863 720	17 443 003	-20%
Water Treatment	2 509 400	2 615 400	1 647 957	-37%
Roads	27 809 900	28 882 664	28 001 309	-3%
Electricity	118 417 000	116 542 200	116 364 552	0%
Street Lighting	1 084 700	1 186 700	1 126 309	-5%
Vote 5 - Community Services				
Director Community Services	1 987 700	1 969 314	2 632 408	34%
Libraries and Archives	7 874 590	7 502 509	6 530 114	-13%
Community Halls and Facilities	3 122 000	3 129 640	3 449 223	10%
Cemetaries	594 975	874 616	754 168	-14%
Housing Core	1 626 285	1 623 986	1 497 264	-8%
Housing Non-Core	5 024 000	5 020 000	5 598 130	12%
Traffic Control	13 532 200	33 500 550	29 355 914	-12%
Fire Fighting and Protection	841 500	1 857 240	1 916 040	3%
Community Parks	7 010 065	7 828 843	7 063 766	-10%
Sports Grounds and Stadiums	2 998 700	3 301 246	3 129 154	-5%
Swimming Pools	910 700	921 000	735 158	-20%
Holiday Resorts	4 989 070	5 417 354	5 221 984	-4%
Road and Traffic Regulation	1 366 600	1 382 950	1 310 621	-5%
TOTAL OPERATING EXPENDITURE	378 593 852	405 704 892	386 792 221	-5%