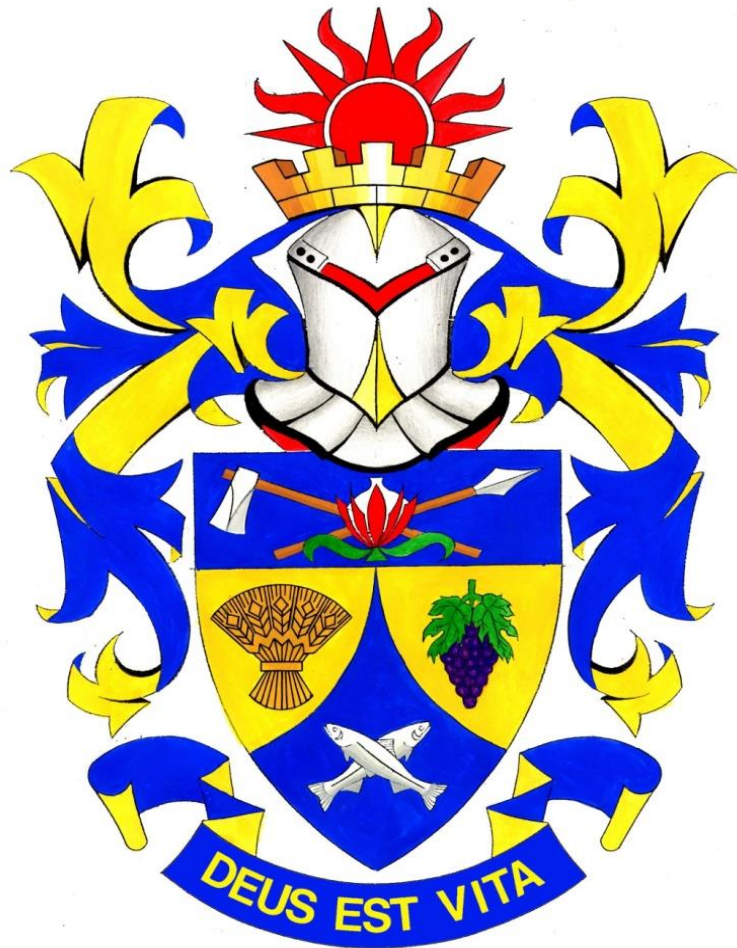


BERGRIVIER LOCAL MUNICIPALITY



AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2023

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) as amended.

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	Ald MA Wessels
Ward 6	Cllr A Small
Ward 7	Cllr JJ Moolman
Proportional	Ald R Swarts
Proportional	Cllr SS Lesch
Proportional	Cllr R Laubscher (Resigned 7 July 2023)
Proportional	Ald EB Manuel
Proportional	Cllr IS Adams
Proportional	Cllr BU Maarman
Proportional	Cllr A Isaacs (Declared elected 17 July 2023; Inaugurated 25 July 2023)

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Ald RM van Rooy
Deputy Executive Mayor	Ald MA Wessels
Executive Councillor	Cllr J Daniels
Executive Councillor	Ald A de Vries

MUNICIPAL MANAGER

Adv. H Linde

CHIEF FINANCIAL OFFICER

Mrs N Bothma (Acting from 1 August 2022 - 31 August 2022 and from 1 June 2023 - 31 August 2023)

Mr D Louw (Appointed 1 September 2022 - resigned 31 May 2023)

Mr FM Lötter (Resigned 31 July 2022)

PERFORMANCE, RISK AND AUDIT COMMITTEE (PRAC)

Mr CB de Jager (Chairperson)

Ms R Gani

Ms G Bolton

Ms M Kinnes

Mr D Smith

REGISTERED OFFICE

13 Church Street
Piketberg

BERGRIVIER LOCAL MUNICIPALITY

GENERAL INFORMATION

POSTAL ADDRESS

PO Box 60
Piketberg
7320

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

Nedbank Limited

ATTORNEYS

MH Sethosa Inc.
Marais Muller Hendricks Inc.
Van der Spuy and Associates
De Villiers van Zyl Inc.
Sune van der Merwe Attorneys
Brand and Partners

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) as amended
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)
Protection of Personal Information Act, 2013
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)

The listed legislation only relate to the main legislation and is not an exhaustive list of all legislation applicable to the Municipality.

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 2023, which are set out on pages 1 to 90 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 2024 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



Date

BERGRIVIER LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
ASSETS			
Current Assets			
		268 061 871	236 161 195
Cash and Cash Equivalents	2	174 710 842	143 588 264
Receivables from Exchange Transactions	3	44 988 208	43 632 742
Receivables from Non-Exchange Transactions	4	45 275 533	45 557 355
Taxes	15	349 279	-
Operating Lease Asset	5	6 330	18 481
Current Portion of Long-term Receivables	6	1 662 930	2 409 493
Inventory	7	1 068 749	954 860
Non-Current Assets			
		553 597 975	507 411 855
Long-term Receivables	6	4 511 176	6 253 120
Investment Property	8	17 949 777	18 002 338
Property, Plant and Equipment	9	527 877 349	479 589 434
Intangible Assets	10	2 805 662	3 112 951
Heritage Assets	11	454 012	454 012
Total Assets		821 659 846	743 573 050
Current Liabilities			
		78 466 839	69 098 721
Current Portion of Long-term Liabilities	12	11 906 786	9 656 967
Consumer Deposits	13	5 289 894	4 786 082
Payables from Exchange Transactions	14	39 436 915	33 167 053
Taxes	15	-	496 959
Unspent Conditional Government Grants	16	3 660 324	4 563 122
Unspent Public Contributions	17	158 319	123 819
Operating Lease Liability	5	57 320	30 295
Current Employee Benefits	18	17 957 280	16 274 423
Non-Current Liabilities			
		249 009 653	208 567 461
Long-term Liabilities	12	93 557 423	65 834 277
Employee Benefits	19	40 129 000	41 521 000
Non-Current Provisions	20	115 323 231	101 212 184
Total Liabilities		327 476 492	277 666 182
NET ASSETS		494 183 354	465 906 868
COMMUNITY WEALTH			
Accumulated Surplus		451 604 782	430 538 396
Capital Replacement Reserve	21	42 318 000	35 107 900
Housing Development Fund	21	260 572	260 572
		494 183 354	465 906 868

BERGRIVIER LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		234 142 816	205 116 874
Taxation Revenue		95 278 092	84 410 540
Property Rates	22	95 278 092	84 410 540
Transfer Revenue		98 631 846	88 762 795
Government Grants and Subsidies - Operating	23	75 604 488	68 724 780
Government Grants and Subsidies - Capital	23	20 777 358	20 038 015
Contributed Assets	24	2 250 000	-
Other Revenue		40 232 878	31 943 540
Availability Charges	25	10 130 038	10 219 015
Insurance Refund		178 476	449 380
Fines, Penalties and Forfeits	26	24 030 344	19 883 402
Actuarial Gains	27	5 894 019	1 391 744
REVENUE FROM EXCHANGE TRANSACTIONS		254 469 658	241 885 541
Operating Activities		254 469 658	241 885 541
Service Charges	28	215 862 307	212 962 297
Rental of Facilities and Equipment	29	6 983 148	6 488 097
Interest Earned - external investments	30	12 455 184	7 447 059
Interest Earned - outstanding debtors		7 077 142	5 166 250
Licences and Permits		87 189	84 694
Agency Services	31	4 871 128	4 676 053
Other Income	32	4 660 990	4 872 043
Gain on disposal of Non-Monetary Assets	33	2 472 569	189 048
TOTAL REVENUE		488 612 474	447 002 416
EXPENDITURE			
Employee Related Costs	34	154 328 162	146 797 263
Remuneration of Councillors	35	6 791 323	6 800 868
Debt Impairment	36	31 488 315	14 650 501
Depreciation and Amortisation	37	30 869 526	26 583 723
Finance Charges	38	21 856 976	17 970 731
Bulk Purchases	39	126 464 478	125 095 464
Contracted Services	40	33 616 806	32 895 292
Transfers and Grants	41	8 389 039	6 736 094
Other Expenditure	42	46 531 363	39 626 366
TOTAL EXPENDITURE		460 335 988	417 156 301
NET SURPLUS FOR THE YEAR		28 276 486	29 846 115

BERGRIVIER LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	CAPITAL REPLACEMENT RESERVE R	HOUSING DEVELOPMENT FUND R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2021 - Previously Reported	30 848 500	260 572	407 244 037	438 353 109
Correction of error restatement - note 43.4	-	-	(2 292 356)	(2 292 356)
Balance on 30 June 2021 - Restated	30 848 500	260 572	404 951 680	436 060 752
Net Surplus for the year	-	-	29 846 115	29 846 115
Transfer to Capital Replacement Reserve	21 257 946	-	(21 257 946)	-
Property, Plant and Equipment purchased	(16 998 546)	-	16 998 546	-
Balance on 30 June 2022 - Restated	35 107 900	260 572	430 538 396	465 906 868
Net Surplus for the year	-	-	28 276 486	28 276 486
Transfer to Capital Replacement Reserve	25 821 107	-	(25 821 107)	-
Property, Plant and Equipment purchased	(18 611 007)	-	18 611 007	-
Balance on 30 June 2023	42 318 000	260 572	451 604 782	494 183 354

BERGRIVIER LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		92 386 529	83 107 956
Service Charges and Interest on outstanding Debtors		223 512 426	214 279 354
Other Revenue and receipts		22 682 738	22 695 752
Government Grants		95 479 048	84 572 954
Investment Income		12 430 129	7 429 272
Payments			
Suppliers and employees		(362 908 891)	(349 254 713)
Finance charges		(7 936 992)	(7 206 042)
Transfer and Grants		(8 389 039)	(6 736 094)
NET CASH FROM OPERATING ACTIVITIES	44	67 255 949	48 888 439
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Non-Monetary Assets		3 574 759	616 852
Payments			
Purchase of Capital Assets		(69 681 094)	(54 333 310)
NET CASH USED INVESTING ACTIVITIES		(66 106 334)	(53 716 458)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		39 630 135	14 650 000
Payments			
Loans repaid		(9 657 171)	(7 879 514)
NET CASH FROM FINANCING ACTIVITIES		29 972 964	6 770 486
NET INCREASE IN CASH HELD		31 122 578	1 942 467
Cash and Cash Equivalents at the beginning of the year		143 588 264	141 645 797
Cash and Cash Equivalents at the end of the year		174 710 842	143 588 264

BERGRIVIER LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Cash	23 537 318	10 687 928	34 225 246	61 415 171	27 189 925
Call investment deposits	100 000 000	-	100 000 000	113 295 671	13 295 671
Consumer debtors	70 063 873	13 600 573	83 664 445	85 429 701	1 765 256
Other Receivables	7 642 704	(1 456 925)	6 185 779	5 189 649	(996 130)
Current portion of long-term receivables	2 516 338	(106 845)	2 409 493	1 662 930	(746 563)
Inventory	1 079 539	(129 680)	949 860	1 068 749	118 889
Total current assets	204 839 772	22 595 051	227 434 823	268 061 871	40 627 048
Non current assets					
Long-term receivables	4 429 997	1 823 123	6 253 120	4 511 176	(1 741 944)
Investment property	15 898 489	(228 819)	15 669 670	17 949 777	2 280 107
Property, plant and equipment	536 320 638	1 023 731	537 344 369	527 877 349	(9 467 020)
Intangible Assets	4 184 852	(1 365 778)	2 819 074	2 805 662	(13 412)
Other non-current assets	454 012	-	454 012	454 012	-
Total non current assets	561 287 988	1 252 256	562 540 244	553 597 975	(8 942 270)
TOTAL ASSETS	766 127 760	23 847 308	789 975 067	821 659 846	31 684 778
LIABILITIES					
Current liabilities					
Borrowing	10 081 955	2 217 021	12 298 976	11 906 786	(392 190)
Consumer deposits	5 114 000	67 082	5 181 082	5 289 894	108 812
Trade and other payables	33 765 291	551 097	34 316 387	43 312 878	8 996 491
Provisions and Employee Benefits	18 072 798	(1 365 953)	16 706 845	17 957 280	1 250 435
Total current liabilities	67 034 044	1 469 247	68 503 291	78 466 839	9 963 548
Non current liabilities					
Borrowing	96 411 028	(5 887 601)	90 523 427	93 557 423	3 033 996
Provisions and Employee Benefits	154 591 281	2 365 903	156 957 184	155 452 230	(1 504 953)
Total non current liabilities	251 002 310	(3 521 699)	247 480 611	249 009 653	1 529 042
TOTAL LIABILITIES	318 036 353	(2 052 452)	315 983 902	327 476 492	11 492 590
NET ASSETS	448 091 407	25 899 759	473 991 165	494 183 354	20 192 188
COMMUNITY WEALTH					
Accumulated Surplus	416 982 334	21 640 359	438 622 693	451 604 781	12 982 088
Reserves	31 109 072	4 259 400	35 368 472	42 578 572	7 210 100
TOTAL COMMUNITY WEALTH/EQUITY	448 091 407	25 899 759	473 991 165	494 183 354	20 192 188

Refer to note 46.2 for explanations of material variances.

Material variances are considered to be any variances greater than R4 million.

BERGRIVIER LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL APPROVED BUDGET R	ADJUSTMENTS R	FINAL APPROVED BUDGET R	VIREMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL PERFORMANCE							
REVENUE							
Property Rates	94 702 236	-	94 702 236	-	94 702 236	95 278 092	575 856
Service Charges - Electricity Revenue	160 568 000	(11 375 000)	149 193 000	-	149 193 000	135 158 166	(14 034 834)
Service Charges - Water Revenue	36 807 166	1 919 000	38 726 166	-	38 726 166	40 006 101	1 279 935
Service Charges - Sanitation Revenue	17 762 000	150 000	17 912 000	-	17 912 000	17 801 223	(110 777)
Service Charges - Refuse Revenue	32 567 000	(2 000)	32 565 000	-	32 565 000	33 026 856	461 856
Rental of Facilities and Equipment	1 674 000	(29 000)	1 645 000	-	1 645 000	1 380 150	(264 850)
Interest Earned - External Investments	7 981 000	2 344 000	10 325 000	-	10 325 000	12 455 184	2 130 184
Interest Earned - Outstanding Debtors	5 000 000	1 000 000	6 000 000	-	6 000 000	7 077 142	1 077 142
Fines	21 286 000	1 636 000	22 922 000	-	22 922 000	24 030 344	1 108 344
Licences and Permits	77 000	(20 000)	57 000	-	57 000	87 189	30 189
Agency Services	5 788 000	(1 097 000)	4 691 000	-	4 691 000	4 871 128	180 128
Transfers Recognised - Operational	73 909 434	1 974 664	75 884 098	-	75 884 098	75 193 332	(690 766)
Other Revenue	11 325 000	(571 000)	10 754 000	-	10 754 000	10 853 621	99 621
Gains	2 700 000	3 400 000	6 100 000	-	6 100 000	8 366 588	2 266 588
Total Revenue (excluding capital transfers)	472 146 836	(670 336)	471 476 500	-	471 476 500	465 585 116	(5 891 384)
EXPENDITURE							
Employee Related Costs	166 889 715	(6 546 988)	160 342 727	83 202	160 425 929	153 510 124	(6 915 805)
Remuneration of Councillors	6 993 000	(8 000)	6 985 000	-	6 985 000	6 791 323	(193 677)
Debt Impairment	30 490 142	1 183 058	31 673 200	-	31 673 200	31 488 315	(184 885)
Depreciation and Asset Impairment	28 668 000	1 602 000	30 270 000	-	30 270 000	30 869 526	599 526
Finance Charges	19 514 400	2 333 200	21 847 600	-	21 847 600	21 856 976	9 376
Bulk purchases - electricity	128 498 000	(6 000 000)	122 498 000	(275 000)	122 223 000	118 609 439	(3 613 561)
Inventory consumed	17 780 200	5 367 270	23 147 470	128 121	23 275 591	17 673 355	(5 602 236)
Contracted Services	38 447 400	(1 112 570)	37 334 830	11 305	37 346 135	33 616 806	(3 729 329)
Transfers and Grants	7 797 000	739 025	8 536 025	30 000	8 566 025	8 389 039	(176 986)
Other Expenditure	40 286 580	4 738 312	45 024 892	22 372	45 047 264	37 531 085	(7 516 179)
Losses	2 705 000	-	2 705 000	-	2 705 000	-	(2 705 000)
Total Expenditure	488 069 437	2 295 307	490 364 744	-	490 364 744	460 335 987	(30 028 757)
Surplus/(Deficit)	(15 922 601)	(2 965 643)	(18 888 244)	-	(18 888 244)	5 249 128	24 137 372
Transfers and subsidies - capital (monetary) - Government	23 610 566	(875 098)	22 735 468	-	22 735 468	20 244 717	(2 490 751)
Transfers and subsidies - capital (monetary) - Other	528 000	120 299	648 299	-	648 299	532 641	(115 658)
Transfers and subsidies - capital (in-kind)	-	2 250 000	2 250 000	-	2 250 000	2 250 000	-
Surplus/(Deficit) for the year	8 215 965	(1 470 442)	6 745 523	-	6 745 523	28 276 487	21 530 964

Refer to note 46.3 for explanations of material variances.

Material variances are considered to be any variances greater than R4 million.

BERGRIVIER LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

	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	89 142 951	-	89 142 951	92 386 529	3 243 578
Service charges	241 842 037	(9 360 374)	232 481 663	223 512 426	(8 969 237)
Other revenue	22 931 858	(760 058)	22 171 800	22 178 926	7 126
Government Grants	98 048 000	(2 844 995)	95 203 005	95 479 048	276 043
Interest	10 432 743	2 846 549	13 279 292	12 430 129	(849 163)
Payments					
Suppliers and Employees	(396 865 895)	3 322 976	(393 542 919)	(362 908 891)	30 634 028
Finance Charges	(7 802 400)	(135 200)	(7 937 600)	(7 936 992)	608
Transfers and Grants	(7 797 000)	(739 025)	(8 536 025)	(8 389 039)	146 986
Net Cash from/(used) Operating Activities	49 932 294	(7 670 127)	42 262 167	66 752 137	24 489 970
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	3 400 000	3 400 000	3 574 759	174 759
Payments					
Capital Assets	(83 154 566)	403 222	(82 751 344)	(69 681 094)	13 070 250
Net Cash from/(used) Investing Activities	(83 154 566)	3 803 222	(79 351 344)	(66 106 334)	13 245 010
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Borrowing long term/refinancing	40 000 000	(369 865)	39 630 135	39 630 135	-
Increase/(Decrease) in Consumer Deposits	394 572	428	395 000	503 812	108 812
Payments					
Repayment of Borrowing	(10 081 955)	(2 217 021)	(12 298 976)	(9 657 171)	2 641 805
Net Cash from/(used) Financing Activities	30 312 617	(2 586 458)	27 726 159	30 476 776	2 750 617
NET INCREASE/(DECREASE) IN CASH HELD	(2 909 655)	(6 453 363)	(9 363 018)	31 122 578	40 485 596
Cash and Cash Equivalents at the year begin	126 446 973	17 141 291	143 588 264	143 588 264	-
Cash and Cash Equivalents at the year end	123 537 318	10 687 928	134 225 246	174 710 842	40 485 596

Refer to note 46.4 for explanations of material variances.

Material variances are considered to be any variances greater than R4 million.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 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.

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.

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 policies in the current year.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1.06 MATERIALITY

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

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

1.07 BUDGET INFORMATION

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

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

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

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

1.08.1 Effective dates determined

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

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

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

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

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

1.08.1.1 GRAP 25 (Revised 2021) - Employee Benefits (effective 1 April 2023)

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.

The impact of this Standard on the financial statements will not be significant.

1.08.1.2 iGRAP 7 (Revised 2021) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective 1 April 2023)

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 2023

1.08.1.3 GRAP 104 (Revised 2019) - Financial Instruments (effective 1 April 2025)

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.

The impact of the revised Standard may be significant on the financial statements, due to the following key changes to the Standard:

- (a) Changes in the classification of instruments for subsequent measurement – financial assets are measured at either amortised cost or fair value based on the reason why they are held and their economic characteristics. Specific liabilities are measured at fair value, and all others are measured at amortised cost.
- (b) The approach to impairing financial assets changed from an incurred loss to an expected loss model. As indicated in the name, expected losses estimate the expected default of financial assets over a period of time rather than only recognising an impairment loss when an event occurs.
- (c) Loan commitments and financial guarantee contracts are recognised and measured differently. They are no longer in the scope of GRAP 19 on *Provisions, Contingent Liabilities and Contingent Assets*. When entering into these transactions there is an economic consequence that exposes an entity to risk. Accounting for them as financial instruments best captures this risk exposure.
- (d) With the changes in the classification of instruments and impairment approach, there is new information that GRAP 104 requires entities to disclose.

1.08.2 Effective dates not yet determined

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

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

1.08.2.1 GRAP 103 (Revised 2022) - Heritage Assets

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

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

1.08.2.2 Amendments to GRAP 1 on Presentation of Financial Statements (2022)

The amendments to the Standard clarifies how to apply going concern assumption in the public sector and improve disclosure on related judgements and conclusions.

Currently, the Municipality is not faced with any going concern issues and therefore these amendments will have no effect on the financial statements.

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.

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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.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

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.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 - 100	Work in progress	N/A
Roads	5 - 100	Other Assets	
Sanitation	5 - 100	Computer Equipment	3 - 15
Solid Waste	3 - 80	Furniture and Office Equipment	5 - 30
Storm Water	5 - 80	Machinery and Equipment	2 - 30
Water Supply	3 - 80	Transport Assets	2 - 30
Work in progress	N/A		

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

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:

Computer Software

Years
5 - 15

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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.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

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.



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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.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

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

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1.16 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.

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.

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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.

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.

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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.

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.

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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.

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.

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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.

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.



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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.

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.

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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 Availability Charges

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

1.27.1.4 Fines

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

1.27.1.5 Insurance Refund

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

1.27.1.6 Unclaimed deposits

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

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

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



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1.27.1.8 Services in-kind

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

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

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

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

1.27.1.9 Contributed Assets

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

1.27.2 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.

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.

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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.

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.

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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.

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.

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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.

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.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

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.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 of GRAP.

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 or whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

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

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

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

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

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

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

1.40.2 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.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Figures in Rand

	2023	2022
2 CASH AND CASH EQUIVALENTS		
Bank Accounts	61 395 321	22 790 092
Investment Deposits	113 295 671	120 778 322
Cash Floats	19 850	19 850
Total	174 710 842	143 588 264

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	3 660 324	4 563 122
Unspent Borrowings	6 554 000	-
Capital Replacement Reserve	42 318 000	35 107 900
Cash portion of Housing Development Fund	260 572	260 572
Department of Human Settlements	327 182	525 958
Cash available for working capital requirements	121 590 764	103 130 712
Total Cash and Cash Equivalents	174 710 842	143 588 264

Bank Accounts

Nedbank Limited - Account number 11-6976-1380 (Primary Bank Account)	61 395 321	22 790 092
Nedbank Limited - Account number 11-6976-1402 (Traffic Account)	-	-
Total	61 395 321	22 790 092

Bank accounts consists out of the following accounts:

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

Cash book balance at beginning of year	22 790 092	9 051 931
Cash book balance at end of year	61 395 321	22 790 092
Bank statement balance at beginning of year	22 263 286	8 478 144
Bank statement balance at end of year	60 789 849	22 263 286

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

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

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

Investment Deposits

Call investment deposits consist out of the following accounts:

ABSA - Call Account - Account Number 93-6177-2313	21 446 110	10 458 366
ABSA - Fixed Deposit - Account Number 20-8049-4253	-	40 051 463
NEDBANK - Fixed Deposit - Account Number 20-8102-4857	40 812 055	-
NEDBANK - Fixed Deposit - Account Number 03/7881004312/000047	-	30 216 986
NEDBANK - Fixed Deposit - Account Number 03/7881004312/000050	51 037 507	-
STANDARD BANK - Fixed Deposit - Account Number 00078722675/010	-	40 051 507
Total	113 295 672	120 778 322

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Figures in Rand

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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

Electricity
Water
Refuse
Sewerage
Interest
Other

82 495 932

70 118 019

13 964 761
17 072 588
19 816 619
11 382 430
16 164 708
4 094 826

15 804 253
13 105 258
14 433 578
8 382 389
14 363 985
4 028 556

Other Receivables

Prepaid Expenses
West Coast District Municipality

1 299 850

2 407 385

1 299 850
-

1 143 233
1 264 152

Total Gross Balance

Less: Allowance for Debt Impairment

83 795 782

72 525 404

(38 807 574)

(28 892 662)

Total Net Receivable

44 988 208

43 632 742

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.

Prepaid Expenses mainly relate to membership and licence fees of which the benefits will be received in the following year.

The West Coast District Municipality (WCDM) receivable is raised in terms of the services concession agreement as referred to in note 39.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year

28 892 662

30 880 663

Movement in the contribution to the provision

13 507 886

4 775 781

Electricity
Water
Refuse
Sewerage
Interest
Other

139 350
2 672 315
4 091 167
2 595 827
3 949 733
59 494

654 188
1 342 917
1 255 085
1 009 527
252 645
261 418

Bad Debts Written off

(3 592 974)

(6 763 782)

Electricity
Water
Refuse
Sewerage
Interest
Other

(43 780)
(326 634)
(462 857)
(325 673)
(2 352 875)
(81 155)

(141 434)
(1 296 521)
(1 460 625)
(869 563)
(2 282 898)
(712 741)

Balance at the end of the year

38 807 574

28 892 662

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.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Figures in Rand

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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2023			
Service Receivables			
Electricity	13 964 761	(1 603 841)	12 360 920
Water	17 072 588	(8 591 335)	8 481 253
Refuse	19 816 619	(11 977 916)	7 838 703
Sewerage	11 382 430	(7 217 825)	4 164 605
Interest	16 164 708	(7 740 712)	8 423 996
Other	4 094 826	(1 675 945)	2 418 881
Other Receivables			
Prepayments	1 299 850	-	1 299 850
Total	83 795 782	(38 807 574)	44 988 208
30 June 2022			
Service Receivables			
Electricity	15 804 253	(1 508 271)	14 295 982
Water	13 105 258	(6 245 654)	6 859 604
Refuse	14 433 578	(8 349 606)	6 083 972
Sewerage	8 382 389	(4 947 671)	3 434 718
Interest	14 363 985	(6 143 854)	8 220 131
Other	4 028 556	(1 697 606)	2 330 950
Other Receivables			
Prepayments	1 143 233	-	1 143 233
West Coast District Municipality	1 264 152	-	1 264 152
Total	72 525 404	(28 892 662)	43 632 742

Ageing of Receivables from Exchange Transactions

Electricity

Current (0 - 30 days)	9 951 489	12 079 771
Past Due (31 - 60 Days)	888 367	777 504
Past Due (61 - 90 Days)	362 472	469 280
Past Due (90 Days +)	2 762 433	2 477 698
Total	13 964 761	15 804 253

Water

Current (0 - 30 days)	4 711 634	3 998 039
Past Due (31 - 60 Days)	1 152 812	1 182 089
Past Due (61 - 90 Days)	672 798	599 295
Past Due (90 Days +)	10 535 344	7 325 835
Total	17 072 588	13 105 258

Refuse

Current (0 - 30 days)	2 853 691	2 311 681
Past Due (31 - 60 Days)	1 323 175	1 029 254
Past Due (61 - 90 Days)	801 542	571 814
Past Due (90 Days +)	14 838 211	10 520 828
Total	19 816 619	14 433 577

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Figures in Rand

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Sewerage

Current (0 - 30 days)	1 476 936	1 316 752
Past Due (31 - 60 Days)	733 925	601 610
Past Due (61 - 90 Days)	453 447	356 229
Past Due (90 Days +)	8 718 122	6 107 799
Total	11 382 430	8 382 389

Interest

Current (0 - 30 days)	777 472	504 296
Past Due (31 - 60 Days)	733 541	457 881
Past Due (61 - 90 Days)	660 098	401 141
Past Due (90 Days +)	13 993 598	13 000 667
Total	16 164 708	14 363 985

Other

Current (0 - 30 days)	122 503	84 499
Past Due (31 - 60 Days)	92 432	64 354
Past Due (61 - 90 Days)	37 869	45 264
Past Due (90 Days +)	3 842 022	3 834 440
Total	4 094 826	4 028 556

Summary Ageing of all Receivables from Exchange Transactions

Current (0 - 30 days)	19 893 725	20 295 038
Past Due (31 - 60 Days)	4 924 252	4 112 692
Past Due (61 - 90 Days)	2 988 226	2 443 022
Past Due (90 Days +)	54 689 729	43 267 266
Total	82 495 932	70 118 019

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables

Property Rates
Availability Charges

57 384 262 **57 936 062**

42 938 596	40 274 271
14 445 666	17 661 791

Other Receivables

Unpaid Traffic Fines
Sundry Receivables
Fraud Investigations
Deposits

28 870 720 **26 812 225**

27 429 860	22 605 810
827 054	1 114 256
-	2 503 408
613 806	588 751

Total Gross Balance

86 254 982 **84 748 287**

Less: Allowance for Debt Impairment

(40 979 449) (39 190 932)

Total Net Receivable

45 275 533 **45 557 355**

As previously reported

45 455 505

Correction of error restatement - note 43.1

101 850

Restated balance

45 557 355

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.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Figures in Rand

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4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	39 190 932	51 269 017
Movement in the contribution to the provision	18 375 384	7 979 086
Property Rates	362 381	(4 203 763)
Availability Charges	(707 693)	(3 514 521)
Unpaid Traffic Fines	18 210 590	14 592 840
Sundry Receivables	-	64 572
Unpaid Grants	-	97 000
Fraud Investigations	510 106	942 959
Bad Debts Written off	(16 586 867)	(20 057 171)
Property Rates	(227 239)	(893 807)
Availability Charges	-	(11 769)
Unpaid Traffic Fines	(13 856 220)	(16 149 470)
Sundry Receivables	-	(64 572)
Unpaid Grants	-	(97 000)
Fraud Investigations	(2 503 408)	(2 840 553)
Balance at the end of the year	40 979 449	39 190 932

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 2023			
Service Receivables			
Property Rates	42 938 596	(12 167 504)	30 771 092
Availability Charges	14 445 666	(3 475 415)	10 970 251
Other Receivables			
Unpaid Traffic Fines	27 429 860	(25 336 530)	2 093 330
Sundry Receivables	827 054	-	827 054
Deposits	613 806	-	613 806
Total	86 254 982	(40 979 449)	45 275 533
30 June 2022			
Service Receivables			
Property Rates	40 274 271	(12 032 362)	28 241 909
Availability Charges	17 661 791	(4 183 108)	13 478 683
Other Receivables			
Unpaid Traffic Fines	22 605 810	(20 982 160)	1 623 650
Sundry Receivables	1 114 256	-	1 114 256
Fraud Investigations	2 503 408	(1 993 302)	510 106
Deposits	588 751	-	588 751
Total	84 748 287	(39 190 932)	45 557 355



30 Nov '23

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

<i>Figures in Rand</i>	2023	2022
4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)		
Ageing of Property Rates		
Current (0 - 30 days)	7 045 850	6 184 969
Past Due (31 - 60 Days)	2 489 219	1 878 664
Past Due (61 - 90 Days)	1 014 273	838 177
Past Due (90 Days +)	32 389 254	31 372 461
Total	42 938 596	40 274 271
Ageing of Availability Charges		
Current (0 - 30 days)	857 297	948 555
Past Due (31 - 60 Days)	504 917	524 501
Past Due (61 - 90 Days)	379 619	350 274
Past Due (90 Days +)	12 703 833	15 838 461
Total	14 445 666	17 661 791
5 OPERATING LEASES		
5.1 OPERATING LEASE ASSET		
Operating Lease Asset	6 330	18 481
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	18 481	31 028
Movement during the year	(12 151)	(12 547)
Balance at the end of the year	6 330	18 481
The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.		
Within 1 Year	870 096	922 336
Between 1 and 5 Years	2 968 276	3 088 896
After 5 Years	1 592 473	2 341 949
Total operating lease payments	5 430 845	6 353 181
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 Veldrif 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 2023

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5 OPERATING LEASES (CONTINUED)

5.2 OPERATING LEASE LIABILITY

Operating Lease Liability	57 320	30 295
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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	30 295	2 211
Movement during the year	27 025	28 085
Balance at the end of the year	57 320	30 295

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

Within 1 Year	224 589	212 880
Between 1 and 5 Years	1 028 861	975 223
After 5 Years	23 389	301 615
Total operating lease payments	1 276 838	1 489 718

Operating leases consist out of the following leases:

- Lease of office space for a period of 6 years and 11 months (ending July 2028) with an escalation of 5.5% per annum.

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

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

6 LONG-TERM RECEIVABLES

Receivables with repayment arrangements	11 950 544	13 708 848
Less: Allowance for Debt Impairment	(5 776 438)	(5 046 236)

Total Net Receivable	6 174 106	8 662 613
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Less: Current portion of Long-term Receivables	1 662 930	2 409 493
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Receivables with repayment arrangements	1 662 930	2 409 493
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Total	4 511 176	6 253 120
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Receivables with repayment arrangements

Debtors amounting to R11 950 544 (2022 - R13 708 848) have arranged to settle their account over an re-negotiated period. Total payments to the value of R9 200 833 (2022 - R9 996 692) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	5 046 236	3 416 938
Movement in the contribution to the provision	730 202	1 629 297
Balance at the end of the year	5 776 438	5 046 236

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.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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7 INVENTORY

Water	177 639	159 018
Spare Parts	887 538	795 841
Fuel	3 573	-
Total	1 068 749	954 860

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

Inventory recognised as an expense during the year

Fuel	414 022	-
Water - by nature of expense	16 840 857	15 144 180
Bulk Purchases	7 855 039	6 107 260
Contracted Services	384 298	440 994
Depreciation and Amortisation	1 883 770	1 839 932
Employee Related Costs	2 435 533	2 338 835
Finance charges	306 060	777 604
Internal Charges	759 316	658 645
Other Expenditure	3 216 840	2 980 910
Spare parts	2 184 510	1 717 283
Total	19 439 389	16 861 463

8 INVESTMENT PROPERTY

Investment Property - Carrying Value	17 949 777	18 002 338
As previously reported		14 687 670
Correction of error restatement - note 43.2		3 314 668
Restated balance		18 002 338

The carrying value of Investment Property is reconciled as follows:

Opening Carrying Value	18 002 338	18 102 820
Cost	18 659 515	18 706 915
Accumulated Depreciation	(657 176)	(604 095)
Accumulated Impairment	-	-
Additions	-	-
Contributed Assets	-	-
Disposals	(1 000)	(47 400)
Depreciation	(51 562)	(53 082)
Closing Carrying Value	17 949 777	18 002 338
Cost	18 658 515	18 659 515
Accumulated Depreciation	(708 738)	(657 176)
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	746 609	800 159
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No significant operating expenditure was incurred on investment property during the 2021/22 and 2022/23 financial year.

No significant adjustments were made to the remaining useful lives as a result of the annual review of useful lives.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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9 PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
30 June 2023				
Land and Buildings	79 021 290	(6 405 509)	-	72 615 782
Infrastructure	482 506 029	(142 228 520)	-	340 277 509
Community Assets	82 794 310	(28 361 457)	-	54 432 854
Other Assets	79 661 041	(37 575 005)	-	42 086 036
Capitalised Restoration Cost	63 056 732	(44 591 563)	-	18 465 169
Total	787 039 403	(259 162 054)	-	527 877 349
30 June 2022				
Land and Buildings	75 588 808	(5 829 829)	-	69 758 979
Infrastructure	435 710 423	(130 120 660)	-	305 589 763
Community Assets	72 446 665	(26 736 034)	-	45 710 631
Other Assets	70 977 554	(36 470 176)	-	34 507 378
Capitalised Restoration Cost	57 870 575	(33 847 892)	-	24 022 683
Total	712 594 025	(233 004 592)	-	479 589 434
As previously reported				483 301 147
Correction of error restatement - note 43.2				(3 711 714)
Restated balance				479 589 434

There are no PPE pledged as security for financial liabilities.

9.1 Repairs and Maintenance incurred on Property, Plant and Equipment **10 742 766** **11 096 196**

9.2 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.

9.3 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:

	2023	2024	After 2024
Increase / (Decrease) in Depreciation and Amortisation	72 819	90 162	(162 981)
Increase / (Decrease) in Accumulated Surplus	(72 819)	(90 162)	162 981
Increase / (Decrease) in Property, Plant and Equipment	(72 819)	(90 162)	162 981

9.4 Carrying value of assets subject to service concession arrangement **1 740 431** **1 796 044**

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.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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.

9.5 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 2023

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

9.6 Reconciliation of Carrying Value

30 June 2023	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	75 588 808	3 432 482	-	-	-	79 021 290	5 829 829	575 679	-	-	6 405 509	72 615 782
Land	46 342 363	-	-	-	-	46 342 363	-	-	-	-	-	46 342 363
Buildings	29 246 446	-	-	-	2 619 369	31 865 814	5 829 829	575 679	-	-	6 405 509	25 460 306
Work in progress	-	3 432 482	-	-	(2 619 369)	813 114	-	-	-	-	-	813 114
Infrastructure	435 710 423	48 216 107	(1 420 502)	-	-	482 506 029	130 120 660	12 855 940	-	(748 079)	142 228 520	340 277 509
Electrical	70 668 041	-	(15 747)	-	573 467	71 225 760	23 349 265	2 087 220	-	(7 634)	25 428 851	45 796 909
Roads	86 015 668	-	(632 230)	-	18 668 963	104 052 401	26 969 465	3 791 916	-	(231 728)	30 529 653	73 522 748
Sanitation	98 685 526	-	(523 516)	-	3 911 620	102 073 629	23 304 365	3 124 070	-	(352 893)	26 075 541	75 998 088
Solid Waste	16 337 239	-	-	-	790 434	17 127 673	5 430 851	552 325	-	-	5 983 176	11 144 498
Storm Water	27 890 512	-	(36 849)	-	4 109 481	31 963 144	9 109 152	698 585	-	(17 019)	9 790 717	22 172 427
Water Supply	109 621 453	-	(212 159)	-	16 008 704	125 417 998	41 957 563	2 601 824	-	(138 805)	44 420 582	80 997 416
Work in progress	26 491 985	48 216 107	-	-	(44 062 669)	30 645 423	-	-	-	-	-	30 645 423
Community Assets	72 446 665	10 347 645	-	-	-	82 794 310	26 736 034	1 625 422	-	-	28 361 457	54 432 854
Community Facilities	32 532 807	-	-	-	2 890 735	35 423 542	10 952 438	661 389	-	-	11 613 828	23 809 714
Sport and Recreational Facilities	38 646 085	-	-	-	2 741 399	41 387 484	15 783 596	964 033	-	-	16 747 629	24 639 855
Work in progress	1 267 773	10 347 645	-	-	(5 632 134)	5 983 284	-	-	-	-	-	5 983 284
Other Assets	70 977 554	10 322 265	(3 888 778)	2 250 000	-	79 661 041	36 470 176	4 564 839	-	(3 460 010)	37 575 005	42 086 036
Computer Equipment	7 806 390	1 605 159	(667 726)	-	-	8 743 823	3 918 890	721 609	-	(651 179)	3 989 320	4 754 503
Furniture and Office Equipment	12 551 599	1 179 630	(644 736)	-	-	13 086 493	7 124 509	851 690	-	(537 312)	7 438 887	5 647 606
Machinery and Equipment	13 878 520	360 010	(375 100)	-	-	13 863 430	7 313 803	819 556	-	(253 142)	7 880 217	5 983 213
Transport Assets	36 741 044	7 177 466	(2 201 216)	2 250 000	-	43 967 295	18 112 974	2 171 984	-	(2 018 377)	18 266 581	25 700 714
Capitalised Restoration Costs	57 870 575	5 186 156	-	-	-	63 056 732	33 847 892	10 743 671	-	-	44 591 563	18 465 169
Landfill Site Rehabilitation	57 870 575	5 186 156	-	-	-	63 056 732	33 847 892	10 743 671	-	-	44 591 563	18 465 169
	712 594 025	77 504 657	(5 309 279)	2 250 000	-	787 039 403	233 004 592	30 365 552	-	(4 208 089)	259 162 054	527 877 349

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

9.6 Reconciliation of Carrying Value

30 June 2022	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	73 537 803	2 051 005	-	-	-	75 588 808	5 315 324	514 506	-	-	5 829 829	69 758 979
Land	46 342 363	-	-	-	-	46 342 363	-	-	-	-	-	46 342 363
Buildings	26 180 659	318 800	-	-	2 746 987	29 246 446	5 315 324	514 506	-	-	5 829 829	23 416 616
Work in progress	1 014 781	1 732 205	-	-	(2 746 987)	-	-	-	-	-	-	-
Infrastructure	398 348 015	37 362 408	-	-	-	435 710 423	119 024 165	11 096 495	-	-	130 120 660	305 589 763
Electrical	58 567 105	-	-	-	12 100 935	70 668 041	21 484 171	1 865 094	-	-	23 349 265	47 318 776
Roads	81 589 740	-	-	-	4 425 927	86 015 668	23 962 672	3 006 793	-	-	26 969 465	59 046 203
Sanitation	90 185 444	-	-	-	8 500 081	98 685 526	20 536 451	2 767 914	-	-	23 304 365	75 381 161
Solid Waste	14 934 885	-	-	-	1 402 355	16 337 239	4 945 151	485 700	-	-	5 430 851	10 906 389
Storm Water	27 476 850	-	-	-	413 663	27 890 512	8 468 599	640 554	-	-	9 109 152	18 781 360
Water Supply	104 030 928	-	-	-	5 590 525	109 621 453	39 627 122	2 330 441	-	-	41 957 563	67 663 890
Work in progress	21 563 063	37 362 408	-	-	(32 433 487)	26 491 985	-	-	-	-	-	26 491 985
Community Assets	67 791 198	4 655 467	-	-	-	72 446 665	25 339 207	1 396 828	-	-	26 736 034	45 710 631
Community Facilities	31 291 416	580 482	-	-	660 909	32 532 807	10 360 562	591 877	-	-	10 952 438	21 580 369
Sport and Recreational Facilities	35 736 634	2 806 465	-	-	102 986	38 646 085	14 978 645	804 951	-	-	15 783 596	22 862 489
Work in progress	763 149	1 268 519	-	-	(763 895)	1 267 773	-	-	-	-	-	1 267 773
Other Assets	66 155 080	8 433 122	(3 610 649)	-	-	70 977 554	35 881 718	3 833 241	-	(3 244 783)	36 470 176	34 507 378
Computer Equipment	6 797 313	1 214 268	(205 190)	-	-	7 806 390	3 567 835	508 324	-	(157 270)	3 918 890	3 887 500
Furniture and Office Equipment	11 445 462	1 426 886	(320 750)	-	-	12 551 599	6 604 292	766 726	-	(246 509)	7 124 509	5 427 089
Machinery and Equipment	12 650 232	2 294 238	(1 065 950)	-	-	13 878 520	7 460 814	709 899	-	(856 909)	7 313 803	6 564 717
Transport Assets	35 262 073	3 497 730	(2 018 759)	-	-	36 741 044	18 248 777	1 848 292	-	(1 984 095)	18 112 974	18 628 071
Capitalised Restoration Costs	54 649 677	3 220 898	-	-	-	57 870 575	24 554 105	9 293 787	-	-	33 847 892	24 022 683
Landfill Site Rehabilitation	54 649 677	3 220 898	-	-	-	57 870 575	24 554 105	9 293 787	-	-	33 847 892	24 022 683
	660 481 773	55 722 901	(3 610 649)	-	-	712 594 025	210 114 519	26 134 856	-	(3 244 783)	233 004 592	479 589 434

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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	2023	2022
10 INTANGIBLE ASSETS		
Intangible Assets - Carrying Value	2 805 662	3 112 951
The carrying value of intangible Assets is reconciled as follows:		
Opening Carrying Value	3 112 951	3 231 774
Cost	7 249 754	7 332 334
Accumulated Amortisation	(4 136 803)	(4 100 560)
Accumulated Impairment	-	-
Additions	145 123	291 500
Amortisation	(452 412)	(395 785)
Disposal	-	(14 538)
Cost	-	(374 080)
Accumulated Amortisation	-	359 541
Closing Carrying Value	2 805 662	3 112 951
Cost	7 394 877	7 249 754
Accumulated Amortisation	(4 589 216)	(4 136 803)
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.		
No significant adjustments were made to the remaining useful lives as a result of the annual review of useful lives.		
11 HERITAGE ASSETS		
Heritage Assets - Carrying Value	454 012	454 012
The carrying value of Heritage Assets are reconciled as follows:		
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.		
12 LONG-TERM LIABILITIES		
Annuity Loans	105 464 209	75 491 244
Less: Current portion	(11 906 786)	(9 656 967)
Total	93 557 423	65 834 277

12

LONG-TERM LIABILITIES

Annuity Loans	105 464 209	75 491 244
Less: Current portion	(11 906 786)	(9 656 967)
Total	93 557 423	65 834 277

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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12 LONG-TERM LIABILITIES (CONTINUED)

Long-term Liabilities were utilised as follow:

Total Long-term Liabilities taken up	105 464 209	75 491 244
Used to finance Property, Plant and Equipment at cost	(98 910 209)	(75 491 244)

Unspent Borrowings	6 554 000	-
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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	
Nedbank (05/7831032282)	11.27%	2023/06/12	-	591 472
DBSA (61001029)	12.41%	2030/06/30	10 922 541	11 859 227
DBSA (61006811)	11.53%	2031/06/30	2 677 364	2 872 968
DBSA (61006837)	11.59%	2036/06/30	7 361 576	7 597 601
DBSA (61006975)	11.33%	2032/06/30	2 838 692	3 013 501
Standard Bank (537707)	8.90%	2024/06/30	1 089 392	2 059 068
Standard Bank (536748)	10.07%	2023/06/30	-	1 464 793
ABSA (3044701437)	10.57%	2026/06/01	2 358 479	2 995 562
ABSA (3046456438)	10.12%	2027/06/30	3 125 512	3 729 384
DBSA (61007572)	9.28%	2029/06/29	4 103 649	4 599 801
DBSA (61007573)	8.90%	2024/06/30	258 809	496 524
DBSA (61007642)	10.07%	2030/06/30	5 207 351	5 699 623
Standard Bank (654527)	9.02%	2031/06/30	10 206 096	11 047 024
ABSA (3054195743)	7.22%	2026/06/30	2 184 985	2 814 695
Standard Bank (729304)	11.05%	2032/06/30	11 064 976	11 750 000
Standard Bank (729271)	10.62%	2027/06/30	2 434 654	2 900 000
Standard Bank (797102)	10.22%	2028/06/30	14 846 835	-
Standard Bank (797125)	12.08%	2038/06/30	10 925 000	-
Nedbank (19/1139646400001)	11.70%	2033/06/30	13 858 300	-
Total			105 464 209	75 491 244

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	23 168 058	17 593 939
Payable within two to five years	81 434 802	55 071 543
Payable after five years	61 519 544	43 936 831
Total amount payable	166 122 404	116 602 312
Less: Outstanding Future Finance Charges	(60 658 195)	(41 111 068)
Present value of annuity loans	105 464 209	75 491 244

13 CONSUMER DEPOSITS

Water and Electricity Deposits	5 289 894	4 786 082
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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 2023

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14 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	26 196 384	20 503 458
Retentions	129 273	105 969
Payments Received in Advance	4 744 475	5 442 634
Unused Pre-paid Electricity	1 214 123	876 657
Sundry Creditors	2 701 378	2 227 546
Sundry Deposits	361 763	487 724
Unknown Receipts	3 699 244	2 962 280
Department of Human Settlements	327 182	525 958
Accrued Interest	44 920	34 826
West Coast District Municipality	18 173	-
Total	39 436 915	33 167 053

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.

The West Coast District Municipality (WCDM) payable is raised in terms of the services concession agreement as referred to in note 39.

Department of Human Settlements balance consist of the following:

Advances received in terms of principal-agent arrangements - note 54.2	327 182	525 958
Total	327 182	525 958

15 TAXES

VAT Claimable/(Payable)	1 824 393	1 686 762
VAT Input in Suspense	2 865 683	2 180 304
VAT Output in Suspense - net	(4 340 797)	(4 364 025)
VAT Output in Suspense	(9 281 261)	(8 179 331)
Less: VAT on Allowance for Debt Impairment	4 940 464	3 815 306
Total	349 279	(496 959)

Reconciliation of VAT on Allowance for Debt Impairment

Balance at beginning of year	3 815 306	4 081 643
Increase/(decrease) in debt impairment contribution	1 125 157	(266 337)
Balance at the end of the year	4 940 464	3 815 306

16 UNSPENT CONDITIONAL GOVERNMENT GRANTS

National Government	-	2 403 022
Provincial Government	3 093 834	1 541 539
Other Grant Providers	566 490	618 561
Total	3 660 324	4 563 122

Detail reconciliations of all grants received and grant conditions met are included in note 23. 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.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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	2023	2022
17 UNSPENT PUBLIC CONTRIBUTIONS		
PVVK Management Services	158 319	123 819
Total	158 319	123 819
<p>The public contribution is earmarked for the refurbishment of a youth centre.</p> <p>Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met. During the year under review, no expenditure was incurred in relation to this public contribution.</p> <p>Due to the short term nature of unspent public contributions, the carrying value approximates the fair value of the unspent public contribution at year-end.</p>		
18 CURRENT EMPLOYEE BENEFITS		
Bonuses	4 078 499	3 812 164
Staff Leave	9 520 300	9 004 596
Performance Bonuses	494 662	402 085
Overtime, Acting and Standby Allowances	1 110 820	1 043 578
Current portion of Non-Current Employee Benefits - note 19	2 753 000	2 012 000
Post Retirement Medical Benefits	1 632 000	1 497 000
Long Service Awards	1 121 000	515 000
Total	17 957 280	16 274 423
As previously reported		15 230 845
Correction of error restatement - note 43.3		1 043 578
Restated balance		16 274 423
<p>The movement in current employee benefits are reconciled as follows:</p>		
18.1 Bonuses		
Opening Balance	3 812 164	3 683 829
Contribution during the year	7 360 225	6 775 978
Payments made	(7 093 890)	(6 647 643)
Balance at the end of the year	4 078 499	3 812 164
<p>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.</p>		
18.2 Staff Leave		
Opening Balance	9 004 596	9 409 506
Contribution during the year	1 254 782	238 137
Payments made	(739 078)	(643 046)
Balance at the end of the year	9 520 300	9 004 596
<p>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.</p>		
18.3 Performance Bonuses		
Opening Balance	402 085	462 295
Contribution during the year	480 954	388 154
Payments made	(388 378)	(448 363)
Balance at the end of the year	494 662	402 085
<p>Performance bonuses are being paid to the Municipal Manager, Chief Financial Officer, Director Community Services and Director Technical Services after an evaluation of performance by the Council.</p>		

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

<i>Figures in Rand</i>	2023	2022		
18 CURRENT EMPLOYEE BENEFITS (CONTINUED)				
18.4 Overtime, Acting and Standby Allowances				
Balance at beginning of year	1 043 578	911 334		
Contribution during the year	1 110 820	1 043 578		
Payments made	(1 043 578)	(911 334)		
Balance at the end of the year	1 110 820	1 043 578		
Acting, standby and overtime worked by staff in the current financial year, but only paid in following financial year.				
19 EMPLOYEE BENEFITS				
Post Retirement Medical Benefits	35 391 000	36 446 000		
Long Service Awards	7 491 000	7 087 000		
Sub-Total	42 882 000	43 533 000		
Less: Current portion of Employee Benefits	2 753 000	2 012 000		
Post Retirement Medical Benefits	1 632 000	1 497 000		
Long Service Awards	1 121 000	515 000		
Total	40 129 000	41 521 000		
19.1 Post Retirement Medical Benefits				
The movement in Post Retirement Medical Benefits are reconciled as follows:				
Opening Balance	36 446 000	34 007 000		
Contribution during the year	5 874 000	5 050 000		
Current Service Cost	1 652 000	1 690 000		
Interest Cost	4 222 000	3 360 000		
Payments made	(1 491 526)	(1 442 026)		
Actuarial Loss/(Gain)	(5 437 474)	(1 168 974)		
Total balance at year-end	35 391 000	36 446 000		
Less: Current portion	(1 632 000)	(1 497 000)		
Total	33 759 000	34 949 000		
The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:				
In-service members	181	177		
In-service non-members	197	200		
Continuation members	32	29		
Total	410	406		
The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:	In-Service Members	In-Service non-Members	Continuation Members	Total unfunded Liability
	R	R	R	R
30 June 2023	15 457 000	2 458 000	17 476 000	35 391 000
30 June 2022	16 124 000	2 816 000	17 506 000	36 446 000
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	34 080 827

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

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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19 EMPLOYEE BENEFITS (CONTINUED)

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2023	(527 000)	-
30 June 2022	(360 000)	-
30 June 2021	(1 100 000)	-
30 June 2020	(1 825 000)	-
30 June 2019	(1 129 000)	-

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	12.45%	11.82%
Health care cost inflation rate	8.06%	8.44%
Net-of-health-care-cost-inflation discount rate	4.06%	3.12%
Maximum subsidy inflation rate	5.67%	5.96%
Net-of-maximum-subsidy-inflation discount rate	6.42%	5.54%

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 10 July 2023

v) Actuarial Valuation Method

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

Sensitivity Analysis - Liability at year-end

Assumption	Eligible Employees (R)	Continuation members (R)	Total liability (R)	% change
Liability	17 915 000	17 476 000	35 391 000	
Health care inflation rate (+ 1%)	19 341 000	18 981 000	38 322 000	8%
Health care inflation rate (- 1%)	15 992 000	16 105 000	32 097 000	-9%
Discount rate (+ 1%)	15 184 000	16 142 000	31 326 000	-11%
Discount rate (- 1%)	21 347 000	19 024 000	40 371 000	14%
Post-employment mortality (+ 1 year)	17 553 000	16 935 000	34 488 000	-3%
Post-employment mortality (- 1 year)	18 266 000	18 016 000	36 282 000	3%
Average retirement age (- 1 year)	19 864 000	17 476 000	37 340 000	6%
Membership continuation (- 10%)	15 692 000	17 476 000	33 168 000	-6%

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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19 EMPLOYEE BENEFITS (CONTINUED)

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

Assumption	Current Service			% change
	Cost (R)	Interest Cost (R)	Total Cost (R)	
Estimated for 2022/23	1 652 000	4 222 000	5 874 000	
Health care inflation rate (+ 1%)	1 786 000	4 598 000	6 384 000	9%
Health care inflation rate (- 1%)	1 463 000	3 804 000	5 267 000	-10%
Discount rate (+ 1%)	1 385 000	4 009 000	5 394 000	-8%
Discount rate (- 1%)	1 991 000	4 461 000	6 452 000	10%
Post-employment mortality (+ 1 year)	1 615 000	4 103 000	5 718 000	-3%
Post-employment mortality (- 1 year)	1 688 000	4 340 000	6 028 000	3%
Average retirement age (- 1 year)	1 742 000	4 456 000	6 198 000	6%
Membership continuation (- 10%)	1 447 000	3 942 000	5 389 000	-8%

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

Assumption	Current Service			% change
	Cost (R)	Interest Cost (R)	Total Cost (R)	
Estimated for 2023/24	1 539 000	4 308 000	5 847 000	
Health care inflation rate (+ 1%)	1 667 000	4 672 000	6 339 000	8%
Health care inflation rate (- 1%)	1 364 000	3 898 000	5 262 000	-10%
Discount rate (+ 1%)	1 302 000	4 107 000	5 409 000	-7%
Discount rate (- 1%)	1 837 000	4 532 000	6 369 000	9%
Post-employment mortality (+ 1 year)	1 507 000	4 195 000	5 702 000	-2%
Post-employment mortality (- 1 year)	1 568 000	4 418 000	5 986 000	2%
Average retirement age (- 1 year)	1 603 000	4 550 000	6 153 000	5%
Membership continuation (- 10%)	1 349 000	4 031 000	5 380 000	-8%

19.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	7 087 000	6 730 000
Contribution during the year	1 368 000	1 187 000
Current Service Cost	605 000	581 000
Interest Cost	763 000	606 000
Payments made	(507 455)	(607 230)
Actuarial Loss/(Gain)	(456 545)	(222 770)
Total balance at year-end	7 491 000	7 087 000
Less: Current portion	(1 121 000)	(515 000)
Total	6 370 000	6 572 000

The Long Service Awards plans are defined benefit plans.

Number of employees that are eligible for Long Service Awards	374	372
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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19 EMPLOYEE BENEFITS (CONTINUED)

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

Unfunded Liability
R

30 June 2023	7 491 000
30 June 2022	7 087 000
30 June 2021	6 730 000
30 June 2020	5 961 000
30 June 2019	6 252 795

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 2023	(48 545)	-
30 June 2022	(90 770)	-
30 June 2021	498 336	-
30 June 2020	(9 947)	-
30 June 2019	275 911	-

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	11.38%	11.16%
General Salary Inflation (long-term)	6.62%	7.33%
Net Effective Discount Rate applied to salary-related Long Service Awards	4.47%	3.57%

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 10 July 2023.

iii) Actuarial Valuation Method

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

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General earnings inflation rate (+ 1%)	7 491 000	7 926 000	6%
General earnings inflation rate (- 1%)	7 491 000	7 096 000	-5%
Discount rate (+ 1%)	7 491 000	7 084 000	-5%
Discount rate (- 1%)	7 491 000	7 945 000	6%
Average retirement age (+ 2 years)	7 491 000	8 523 000	14%
Average retirement age (- 2 years)	7 491 000	6 437 000	-14%
Withdrawal rates (x 2)	7 491 000	6 193 000	-17%
Withdrawal rates (x 0.5)	7 491 000	8 385 000	12%

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19 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Current Service		Total (R)	% Change
	Cost (R)	Interest Cost (R)		
Estimated for 2023/24	615 000	791 000	1 406 000	
General earnings inflation rate (+ 1%)	662 000	840 000	1 502 000	7%
General earnings inflation rate (- 1%)	573 000	746 000	1 319 000	-6%
Discount rate (+ 1%)	577 000	810 000	1 387 000	-1%
Discount rate (- 1%)	657 000	768 000	1 425 000	1%
Average retirement age (+ 2 years)	684 000	908 000	1 592 000	13%
Average retirement age (- 2 years)	542 000	681 000	1 223 000	-13%
Withdrawal rates (x 2)	464 000	643 000	1 107 000	-21%
Withdrawal rates (x 0.5)	728 000	892 000	1 620 000	15%

19.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)	906 605	874 457
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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 2022 revealed that the fund is in a sound financial position with a funding level of 104.5% (30 June 2021 - 102.0%).

Consolidated Retirement Fund (Former Cape Retirement Fund)	12 963 067	12 197 926
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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 2022 revealed that the fund is in a sound financial position with a funding level of 100.4% (30 June 2021 - 100.5%).

Total	13 869 672	13 072 383
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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.

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

Therefore, although the LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

<i>Figures in Rand</i>	2023	2022
19 EMPLOYEE BENEFITS (CONTINUED)		
Defined Contribution Plans		
Council contributes to the following defined contribution plans:		
Municipal Councillors Pension Fund	79 612	104 410
SAMWU National Provident Fund	1 971 544	2 010 923
Total	2 051 156	2 115 333

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.

20 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	115 323 231	101 212 184
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The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	101 212 184	91 179 282
Contribution during the year	14 111 047	10 032 902
Increase/(Decrease) in estimate	5 186 156	3 220 898
Interest Cost	8 924 890	6 812 004
Total	115 323 231	101 212 184

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 9.18% (2022 - 8.82%) 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	933	49 482 453	43 101 924
Piketberg	57 000	978	53 253 791	46 909 596
Aurora	7 370	1 261	8 910 835	7 875 144
Redelinghuys	1 340	2 860	3 676 152	3 325 520
Total			115 323 231	101 212 184

The estimate cost, based on an average inflation rate of 5.59% (2022 - 5.52%), and date of decommission of the sites are as follows:

Location	Estimated Decommission Date	Future Cost of Rehabilitation	Future Cost of Rehabilitation
Porterville	2025	54 548 300	51 515 180
Piketberg	2025	60 008 713	57 263 176
Aurora	2025	9 944 600	9 524 346
Redelinghuys	2025	4 102 630	4 021 946
Total		128 604 243	122 324 648

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

<i>Figures in Rand</i>	2023	2022
21 RESERVES		
Capital Replacement Reserve	42 318 000	35 107 900
Housing Development Fund	260 572	260 572
Total	42 578 572	35 368 472

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.

22 PROPERTY RATES		
Rateable Land and Buildings	95 278 092	84 410 540
Total	95 278 092	84 410 540

Property rate levied are based on the following rateable valuations:

Residential Property	6 305 760 220	6 053 017 420
Commercial Property	1 097 221 600	1 034 743 700
Industrial Property	337 977 000	322 448 000
Institutional	-	-
Agricultural Purposes	5 364 771 800	5 454 023 300
Public Service Infrastructure	1 817 500	1 311 000
Religious	46 008 000	39 523 000
Municipal Property	110 441 800	88 519 200
Total Valuation	13 263 997 920	12 993 585 620

Rate that is applicable to the valuations above:

Residential	1.135c/R	1.046c/R
Commercial/Industrial	1.249c/R	1.151c/R
Agricultural	0.238c/R	0.262c/R

Valuations on land and buildings are performed every five 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 next valuation will be implemented 1 July 2023.

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.

BERGRIVIER LOCAL MUNICIPALITY

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	2023	2022
23 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants - National Government	57 505 995	50 990 000
Equitable Share	57 505 995	50 990 000
Conditional Grants - National Government	23 116 027	26 644 587
Finance Management Grant (FMG)	1 550 000	1 550 000
Municipal Infrastructure Grant (MIG)	16 754 027	16 763 292
Expanded Public Works Programme (EPWP)	1 662 000	2 075 000
Integrated National Electrification Programme (INEP)	-	1 000 000
Water Service Infrastructure Grant (WSIG)	3 150 000	5 256 295
Conditional Grants - Provincial Government	14 712 750	10 451 816
Western Cape Financial Management Support Grant	-	600 000
Proclaimed Roads	121 046	110 000
Regional Socio - Economic Project/Violence Prevention through Urban Upgrading	119 815	-
Library Services	8 661 285	8 279 816
Financial Management Capacity Building Grant	2 072 865	327 062
Development of Sport and Recreation Facilities	-	-
Fire Service Capacity Building Grant	-	-
Department of Human Settlements	309 831	379 667
Public Employment Support Grant	444 729	755 271
Loadshedding Emergency Relief Grant	2 719 207	-
Joint District and Metro Approach Grant	263 973	-
Conditional Grants - Other Grant Providers	1 047 073	676 393
Heist op den Berg	635 917	676 393
Chieta Training Grant	411 156	-
Total	96 381 846	88 762 795
Disclosed as:		
Government Grants and Subsidies - Operating	75 604 488	68 724 780
Government Grants and Subsidies - Capital	20 777 358	20 038 015
Total	96 381 846	88 762 795
Grants per Vote (MFMA Sec 123 (c)):		
Equitable Share	57 505 995	50 990 000
Vote 1 - Municipal Manager	467 638	142 090
Vote 2 - Finance	3 622 865	2 477 062
Vote 3 - Corporate Services	530 971	-
Vote 4 - Technical Services	25 042 197	26 227 596
Vote 5 - Community Services	9 212 181	8 926 046
Total	96 381 846	88 762 795

The movements per grant can be summarised as follows:

23.01 Equitable Share

Opening Unspent Balance	-	-
Grants Received / (Repaid)	57 505 995	50 990 000
Transferred to Revenue - Operating	(57 505 995)	(50 990 000)
Transferred to Revenue - Capital	-	-
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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23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

23.02 Finance Management Grant (FMG)

Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 550 000	1 550 000
Transferred to Revenue - Operating	(1 550 000)	(1 550 000)
Transferred to Revenue - Capital	-	-
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.

23.03 Municipal Infrastructure Grant (MIG)

Opening Unspent Balance	1 063 317	2 692 609
Grants Received / (Repaid)	15 690 710	15 134 000
Transferred to Revenue - Operating	(2 881 700)	(2 879 454)
Transferred to Revenue - Capital	(13 872 327)	(13 883 838)
Closing Unspent Balance	-	1 063 317

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

23.04 Expanded Public Works Programme (EPWP)

Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 662 000	2 075 000
Transferred to Revenue - Operating	(1 662 000)	(2 075 000)
Transferred to Revenue - Capital	-	-
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.

23.05 Integrated National Electrification Programme (INEP)

Opening Unspent Balance	-	8 934
Grants Received / (Repaid)	-	991 066
Transferred to Revenue - Operating	-	(130 435)
Transferred to Revenue - Capital	-	(869 565)
Closing Unspent Balance	-	-

The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

23.06 Water Service Infrastructure Grant (WSIG)

Opening Unspent Balance	1 339 705	4 879 839
Grants Received / (Repaid)	1 810 295	1 716 161
Transferred to Revenue - Operating	(410 870)	(685 604)
Transferred to Revenue - Capital	(2 739 130)	(4 570 692)
Closing Unspent Balance	-	1 339 705

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

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23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

23.07 Western Cape Financial Management Support Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	-	600 000
Transferred to Revenue - Operating	-	(600 000)
Transferred to Revenue - Capital	-	-
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.

23.08 Proclaimed Roads

Opening Unspent Balance	-	-
Grants Received / (Repaid)	121 046	110 000
Transferred to Revenue - Operating	(121 046)	(110 000)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	-

The grant was used for maintenance of provincial roads.

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

Opening Unspent Balance	-	40 987
Grants Received / (Repaid)	120 000	(40 987)
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(119 815)	-
Closing Unspent Balance	185	-

The grant was utilised for the extension of Calendula street.

23.10 Library Services

Opening Unspent Balance	608 285	454 101
Grants Received / (Repaid)	8 053 000	8 434 000
Transferred to Revenue - Operating	(8 366 007)	(7 799 514)
Transferred to Revenue - Capital	(295 278)	(480 302)
Closing Unspent Balance	-	608 285

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

23.11 Financial Management Capacity Building Grant

Opening Unspent Balance	188 525	93 577
Grants Received / (Repaid)	2 325 000	422 010
Transferred to Revenue - Operating	(2 072 865)	(327 062)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	440 660	188 525

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.

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23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

23.12 Development of Sport and Recreation Facilities

Opening Unspent Balance	300 000	-
Grants Received / (Repaid)	(300 000)	300 000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	300 000

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

23.13 Department of Human Settlements

Opening Unspent Balance	-	300 013
Grants Received / (Repaid)	526 000	79 654
Transferred to Revenue - Operating	(40 413)	(379 667)
Transferred to Revenue - Capital	(269 419)	-
Closing Unspent Balance	216 169	-

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

23.14 Public Employment Support Grant

Opening Unspent Balance	444 729	-
Grants Received / (Repaid)	-	1 200 000
Transferred to Revenue - Operating	(444 729)	(755 271)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	444 729

This grant was utilised to coordinate and ensure the implementation of targeted, short term public employment programmes for communities identified as being in distress.

23.15 Loadshedding Emergency Relief Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	3 600 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(2 719 207)	-
Closing Unspent Balance	880 793	-

This grant was utilised for the installation of back-up energy supply for water and wastewater infrastructure.

23.16 Joint District and Metro Approach Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 820 000	-
Transferred to Revenue - Operating	(34 431)	-
Transferred to Revenue - Capital	(229 542)	-
Closing Unspent Balance	1 556 027	-

This grant was utilised for the construction and further expansion of the multi-functional youth development and training facility.

23.17 Heist op den Berg

Opening Unspent Balance	120 299	33 319
Grants Received / (Repaid)	701 074	763 373
Transferred to Revenue - Operating	(103 276)	(442 774)
Transferred to Revenue - Capital	(532 641)	(233 619)
Closing Unspent Balance	185 456	120 299

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



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23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
23.18 Chieta Training Grant		
Opening Unspent Balance	498 262	249 584
Grants Received / (Repaid)	293 928	248 678
Transferred to Revenue - Operating	(411 156)	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	<u>381 034</u>	<u>498 262</u>
This grant is for the training and development of municipal officials		
23.19 Total Grants		
Opening Unspent Balance	4 563 124	8 752 963
Grants Received / (Repaid)	95 479 047	84 572 956
Transferred to Revenue - Operating	(75 604 488)	(68 724 780)
Transferred to Revenue - Capital	(20 777 358)	(20 038 015)
Closing Unspent Balance	<u>3 660 325</u>	<u>4 563 124</u>
24 CONTRIBUTED ASSETS		
Property, Plant and Equipment - Other Assets	2 250 000	-
Total	<u>2 250 000</u>	<u>-</u>
Contributed asset relates to a waste compactor truck which was transferred from the Department of Forestry, Fisheries and Environment.		
25 AVAILABILITY CHARGES		
Electricity	3 482 107	3 517 710
Water	1 380 585	1 454 864
Refuse Removal	3 000 186	2 960 912
Sewerage and Sanitation	2 267 160	2 285 529
Total	<u>10 130 038</u>	<u>10 219 015</u>
Availability charges are levied where the Municipality has installed the relevant infrastructure networks (relating to water, electricity, sewerage and solid waste) in the area where the consumer resides, but the consumer has not requested to be and is not connected to the networks.		
26 FINES, PENALTIES AND FORFEITS		
Traffic Fines	22 921 720	18 547 450
Library Fines	12 675	67 374
Illegal Connections	10 761	14 959
Unclaimed Money	1 085 188	1 253 618
Total	<u>24 030 344</u>	<u>19 883 402</u>
As previously reported		18 737 152
Correction of error restatement - note 43.1		1 146 250
Restated balance		<u>19 883 402</u>
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.		

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27 ACTUARIAL GAINS		
Post Retirement Medical Benefits	5 437 474	1 168 974
Long Service Awards	456 545	222 770
Total	5 894 019	1 391 744
The actuarial gains mainly originated as a result of an increase in the net discount rate being used by the actuaries to calculate the employee benefits.		
28 SERVICE CHARGES		
Electricity	133 247 161	142 528 281
Water	41 016 810	36 776 662
Refuse Removal	36 521 639	28 949 980
Sewerage and Sanitation	19 424 409	17 154 087
Total Revenue	230 210 019	225 409 011
Less: Rebates	(14 347 711)	(12 446 713)
Electricity	(1 571 102)	(1 401 117)
Water	(2 391 294)	(2 211 407)
Refuse Removal	(6 494 969)	(5 260 679)
Sewerage and Sanitation	(3 890 346)	(3 573 511)
Total	215 862 307	212 962 297
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.		
29 RENTAL OF FACILITIES AND EQUIPMENT		
Halls	173 153	92 356
Camping and Entrance Fees	5 602 999	4 982 267
Commonage	746 609	800 159
Hawker Stalls	171 389	219 873
Land and Buildings	288 998	393 442
Total	6 983 148	6 488 097
30 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank Accounts	2 508 736	867 516
Investment Deposits	9 921 393	6 561 756
Eskom Deposits	25 055	17 787
Total	12 455 184	7 447 059
31 AGENCY SERVICES		
Drivers Licences	1 009 859	925 005
Motor Vehicle Registration	3 434 025	3 373 261
Roadworthy Certificates	427 244	377 787
Total	4 871 128	4 676 053
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 54.1 for additional disclosure in this regard.		
The Municipality earns revenue from applications for driver's and learner's licences, issuing of public driver permits, driver's and learner's licences and the issue of roadworthy certificates.		

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32 OTHER INCOME		
Building Plan Approval	2 340 792	2 203 449
Cemetery and Burial	513 696	631 334
Cleaning and Removal	323 748	370 501
Clearance and Valuation Certificates	525 488	533 910
Commission	104 338	92 878
Development Charges	544 190	680 330
Photocopies and Faxes	46 168	31 658
Sub-division, Rezoning and Consolidation Fees	163 528	194 691
Tender Documents	65 913	48 835
Sundry Income	33 129	84 458
Total	4 660 990	4 872 043
33 GAIN ON DISPOSAL OF NON-MONETARY ASSETS		
Proceeds	3 574 759	616 852
Less: Carrying value of Investment Property disposed	(1 000)	(47 400)
Less: Carrying value of Property, Plant and Equipment disposed	(1 101 190)	(365 866)
Less: Carrying value of Intangible Assets	-	(14 538)
Total	2 472 569	189 048
As previously reported		246 208
Correction of error restatement - note 43.2		(57 160)
Restated balance		189 048
34 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	96 722 879	94 396 133
Pension and UIF Contributions	16 563 853	15 779 521
Medical Aid Contributions	6 602 687	6 331 351
Overtime	7 159 602	6 555 999
Motor Vehicle Allowances	6 033 812	5 731 152
Cell Phone Allowances	46 848	56 490
Housing Allowances	719 627	704 026
Other benefits and allowances	8 307 856	6 939 227
Acting Allowances	873 907	813 132
Bargaining Council Levy	49 032	47 462
Group Life Insurance	2 483 312	1 521 538
Standby Allowances	4 434 019	4 151 945
Scarcity Allowances	467 586	405 149
Contributions to Employee Benefits	11 352 961	9 673 268
Bonuses	7 360 225	6 775 978
Staff Leave	1 254 782	238 137
Performance Bonuses	480 954	388 154
Long Service Awards	605 000	581 000
Post Retirement Medical Benefits	1 652 000	1 690 000
Workmen's Compensation Fund	818 037	630 096
Total	154 328 162	146 797 263
As previously reported		146 665 018
Correction of error restatement - note 43.3		132 244
Restated balance		146 797 263

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34 EMPLOYEE RELATED COSTS (CONTINUED)

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	1 124 042	1 533 540
Travelling Allowance	60 000	67 500
Contributions to UIF, Medical and Pension Funds	276 548	382 249
Total	1 460 590	1 983 289

Director: Corporate Services - Mr JWA Kotzee

Annual Remuneration	891 571	867 900
Travelling Allowance	330 000	296 510
Contributions to UIF, Medical and Pension Funds	224 511	210 118
Housing Subsidy	150 000	150 000
Total	1 596 082	1 524 528

Director: Community Services - Mr DA Josephus

Annual Remuneration	932 179	888 174
Travelling Allowance	236 509	212 963
Contributions to UIF, Medical and Pension Funds	219 225	199 058
Service Bonus	50 000	50 000
Performance Bonus	150 782	145 683
Housing Subsidy	-	23 545
Total	1 588 694	1 519 424

Chief Financial Officer - Mr F M Lötter (resigned July 2022)

Annual Remuneration	96 228	1 091 192
Travelling Allowance	21 111	253 333
Performance Bonus	150 782	145 683
Contributions to UIF, Medical and Pension Funds	2 841	29 220
Leave Payout	121 674	-
Total	392 636	1 519 429

Chief Financial Officer - Mr D Louw - (September 2022 to May 2023)

Annual Remuneration	626 973	-
Travelling Allowance	90 006	-
Contributions to UIF, Medical and Pension Funds	148 249	-
Leave Payout	44 103	-
Total	909 331	-

Director: Technical Services - Mr AC Koch (resigned September 2021)

Annual Remuneration	-	269 027
Travelling Allowance	-	68 502
Performance Bonus	23 988	132 439
Contributions to UIF, Medical and Pension Funds	177	5 511
Leave Payout	-	52 047
Total	24 165	527 526

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34 EMPLOYEE RELATED COSTS (CONTINUED)

Director: Technical Services - Mr V Felton (February 2022 - September 2022)

Annual Remuneration	285 413	452 480
Travelling Allowance	24 000	40 000
Contributions to UIF, Medical and Pension Funds	113 246	78 664
Total	422 658	571 144

Director: Technical Services - Mr D Van Turha (appointed January 2023)

Annual Remuneration	465 236	-
Travelling Allowance	6 000	-
Contributions to UIF, Medical and Pension Funds	48 919	-
Total	520 155	-

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		2023	2022
		2023	2022		
DA Josephus	Municipal Manager	0	20	-	27 523
JWA Kotzee	Municipal Manager	15	0	8 056	-
N Rossouw	Director: Technical Services	0	84	-	34 911
JJ Breunissen	Director: Technical Services	78	11	39 532	4 897
W Wagener	Director: Corporate Services	11	0	5 444	-
D Carolissen	Director: Community Services	11	0	4 512	-
N Bothma	Chief Financial Officer	52	16	28 297	6 892
M Crous	Chief Financial Officer	12	0	5 939	-
JP Sass	Chief Financial Officer	12	5	5 939	2 304
Total				97 718	76 527

35 REMUNERATION OF COUNCILLORS

Ald RM van Rooy	934 685	915 660
Ald SM Crafford	-	257 079
Ald A de Vries	713 015	715 214
Ald SIJ Smit	-	148 721
Cllr J Daniels	713 015	694 873
Cllr AJ Du Plooy	553 876	686 628
Cllr A Small	328 603	320 076
Cllr MA Wessels	757 349	727 722
Cllr D De Bruin	-	113 307
Cllr A van Wyk	-	113 307
Cllr I Adams	328 603	320 076
Cllr SS Lesch	328 603	320 076
Cllr S Swartz	-	113 307
Ald RE Swarts	756 062	478 683
Cllr JJ Moolman	406 820	256 067
Cllr BU Maarman	327 316	206 565
Ald E Manuel	265 644	206 943
Cllr RL Laubscher	377 731	206 565
Total	6 791 323	6 800 868



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35 REMUNERATION OF COUNCILLORS (CONTINUED)

	Basic Salary	Motor Vehicle Allowance	Cell Phone Allowance	Medical and Pension Contributions	Total
2023					
Executive Mayor	510 161	300 000	48 000	76 524	934 685
Deputy Executive Mayor	532 012	177 337	48 000	-	757 349
Speaker	709 349	-	46 713	-	756 062
Executive Committee	1 330 030	-	96 000	-	1 426 030
Other Councillors	2 465 342	18 941	378 853	54 061	2 917 197
Total	5 546 894	496 278	617 566	130 585	6 791 323
2022					
Executive Mayor	547 543	241 691	40 800	83 438	913 472
Deputy Executive Mayor	505 503	170 801	41 578	24 059	741 942
Speaker	700 364	-	39 817	-	740 180
Executive Committee	1 254 577	58 614	81 600	-	1 394 790
Other Councillors	2 528 293	76 341	325 581	80 268	3 010 483
Total	5 536 279	547 447	529 376	187 766	6 800 868

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.

36 DEBT IMPAIRMENT

Receivables from Exchange Transactions	13 507 886	4 775 781
Receivables from Non-Exchange Transactions	18 375 384	7 979 086
Long-term Receivables	730 202	1 629 297
Total Debt Impairment	32 613 472	14 384 164
Movement in VAT included in debt impairment	(1 125 157)	266 337
Total	31 488 315	14 650 501
As previously reported		13 606 101
Correction of error restatement - note 43.1		1 044 400
Restated balance		14 650 501

37 DEPRECIATION AND AMORTISATION

Property, Plant and Equipment	30 365 552	26 134 856
Intangible Assets	452 412	395 785
Investment Property	51 562	53 082
Total	30 869 526	26 583 723
As previously reported		27 624 860
Correction of error restatement - note 43.2		(1 041 137)
Restated balance		26 583 723

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	2023	2022
38 FINANCE CHARGES		
Cash	7 947 085	7 192 727
Long-term Liabilities	7 947 085	7 192 727
Non-cash	13 909 890	10 778 004
Post Retirement Medical Benefits	4 222 000	3 360 000
Long Service Awards	763 000	606 000
Rehabilitation of Landfill Sites	8 924 890	6 812 004
Total	21 856 976	17 970 731

39 BULK PURCHASES		
Electricity	118 609 439	118 995 098
Water	7 855 039	6 100 365
Water Purchased	7 839 236	7 199 629
Deficit / (surplus) generated by West Coast District Municipality (WCDM)	15 802	(1 099 263)
Total	126 464 478	125 095 464

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 or deficit incurred from the service concession arrangement, and accordingly the surplus is distributed to / (deficit is recovered from) the local municipalities based on their water purchases for the year.

40 CONTRACTED SERVICES		
Accounting and Auditing	3 271 195	3 082 500
Clearing and Grass Cutting	348 895	348 197
Communications	567 197	681 979
Drivers Licence Cards	351 471	342 149
Engineering Services	174 275	686 511
Human Resources	344 554	461 089
Laboratory Services	381 699	367 591
Legal Cost	358 104	454 908
Maintenance Services	6 175 268	6 001 327
Organisational	1 268 367	1 585 157
Project Management (Revenue Enhancement)	998 289	1 705 247
Refuse Removal	10 945 700	10 472 242
Research and Advisory	312 143	780 476
Security Services	1 789 755	1 782 167
Traffic Fines Management	2 645 016	2 114 303
Valuer and Assessors	855 660	120 348
Other Consulting and Professional Fees	2 829 218	1 909 101
Total	33 616 806	32 895 292

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

- Event Promoters
- Catering Services
- Audit Committee
- Veterinary Services
- Burial Service
- Land and Quantity Surveyors

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41 TRANSFERS AND GRANTS		
Animal Welfare	32 000	31 000
Bergrivier Canoe Marathon	63 000	60 000
Bergrivier Estuary Management Forum	800 000	567 000
External Bursaries	702 366	594 812
Museums	608 000	585 000
Port Owen Marine Authority	1 518 000	1 457 000
Redelinghuys Farm Watch	250 000	250 000
Society for the Prevention of Cruelty to Animals (SPCA)	208 000	200 000
Sport Councils	609 000	450 000
St Helena Bay Water Quality Trust	51 000	49 000
Tourism	2 371 000	2 203 000
Social Relief	1 176 673	289 282
Indigent Dwelling Restoration	151 742	127 205
Feeding of Homeless	94 835	162 077
Ward Committees Projects	930 095	-
Total	8 389 039	6 736 094
42 OTHER EXPENDITURE		
Advertising, Publicity and Marketing	1 505 856	1 178 729
Bank Charges, Facility and Card Fees	874 279	801 702
Bursaries to Employees	211 050	229 997
Chemicals	1 181 006	964 530
Commission - Prepaid Electricity	2 124 844	2 086 957
Communication	2 920 200	2 847 514
Cellular Contract (Subscription and Calls)	505 707	533 354
Licences (Radio and Television)	129 434	122 934
Postage, Stamps and Franking Machines	651 364	622 241
Telephone, Fax, Telegraph and Telex	1 633 696	1 568 985
Electricity - Internal usage	2 690 110	2 238 865
Entertainment	48 558	50 848
External Audit Fees	3 432 562	3 127 357
External Computer Service	2 137 075	1 255 190
Fuel	8 468 972	5 756 938
Hire Charges	908 346	767 900
Insurance	2 793 446	2 556 127
Learnerships and Internships	197 758	192 124
Maintenance Materials	4 567 498	5 094 869
Motor Vehicle Licence and Registrations	349 757	327 411
Printing and Stationary	1 298 055	1 334 186
Professional Bodies, Membership and Subscription	1 606 949	1 431 403
Refuse bags	1 424 554	1 103 854
Registration Fees	432 508	43 728
Signage	265 179	250 035
Skills Development Fund Levy	1 242 075	1 185 219
Small Tools and Equipment	608 924	883 680
Training	239 144	139 968
Travel and Subsistence	1 309 534	766 055
Uniform and Protective Clothing	1 147 693	1 076 054
Union Representative	135 881	128 206
Vehicle Tracking	271 785	232 754
Ward Committees	158 000	145 600
Sundries and Other Consumables	1 979 765	1 428 567
Total	46 531 363	39 626 366

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43 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

43.1 Receivables from Non-Exchange Transactions

The following errors were noted:

- Traffic fines amounting to R1 146 250 were not recorded during the 2021/22 financial year. Accordingly, debt impairment amounting to R1 044 400 was also not provided on the unrecorded traffic fines.

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

- Receivables from Non-Exchange Transactions - note 4	Understated	101 850
- Fines, Penalties and Forfeits - note 26	Understated	1 146 250
- Debt Impairment - note 36	Understated	1 044 400

43.2 Property, Plant and Equipment

The following errors were noted:

- Investment Property with a carrying value of R3 314 668 was incorrectly classified as Property, Plant and Equipment and was accordingly reclassified.
- Items within Property, Plant and Equipment were incorrectly classified. Accordingly, the incorrect useful lives were applied to the said misclassified assets, resulting that depreciation was incorrectly calculated. In addition, the remaining useful lives of a number of assets were incorrectly transferred from 2020/21 asset register to the 2021/22 asset register, resulting that the depreciation for 2021/22 was also incorrectly calculated. The net effect of the aforementioned errors resulted that depreciation was understated by R397 045.

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

- Investment Property - note 8	Understated	3 314 668
- Property, Plant and Equipment - note 9	Overstated	(3 711 714)
- Depreciation and Amortisation - note 37	Overstated	(1 041 137)
- Gain on disposal of Non-Monetary Assets note 33	Overstated	(57 160)
- Accumulated Surplus - note 43.4	Overstated	(1 381 023)

43.3 Current Employee Benefits

Overtime, acting and standby hours worked, are paid in the following month. The Municipality did not raise an accrual for the said expenditure which was incurred in June, but only paid in July.

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

- Current Employee Benefits - note 18	Understated	1 043 578
- Employee Related Costs - note 34	Understated	132 244
- Accumulated Surplus - note 43.4	Overstated	(911 334)

43.4 Accumulated Surplus

Property, Plant and Equipment - note 43.2	Overstated	(1 381 023)
Current Employee Benefits - note 43.3	Overstated	(911 334)
Total		(2 292 356)

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44 NET CASH FROM OPERATING ACTIVITIES		
Net Surplus for the year	28 276 486	29 846 115
Adjusted for:		
Non-cash revenue included in Net Surplus	(10 604 437)	(1 568 245)
Contributed Assets	(2 250 000)	-
Actuarial Gains	(5 894 019)	(1 391 744)
Rental of Facilities and Equipment - movement in operating lease asset	12 151	12 547
Gain on disposal of Non-Monetary Assets	(2 472 569)	(189 048)
Non-cash expenditure included in Net Surplus	88 758 538	62 757 159
Employee Related Costs - Contributions towards	12 463 781	10 716 846
Post Retirement Medical Benefits	1 652 000	1 690 000
Long Service Awards	605 000	581 000
Bonuses	7 360 225	6 775 978
Staff Leave	1 254 782	238 137
Performance Bonuses	480 954	388 154
Overtime, Acting and Standby Allowances	1 110 820	1 043 578
Debt Impairment	31 488 315	14 650 501
Depreciation and Amortisation	30 869 526	26 583 723
Finance Charges	13 909 890	10 778 004
Post Retirement Medical Benefits	4 222 000	3 360 000
Long Service Awards	763 000	606 000
Provision for Rehabilitation of Landfill-sites	8 924 890	6 812 004
Other Expenditure - movement in operating lease liability	27 025	28 085
Cash expenditure not included in Net Surplus	(11 263 905)	(10 699 642)
Post Retirement Medical Benefits	(1 491 526)	(1 442 026)
Long Service Awards	(507 455)	(607 230)
Bonuses	(7 093 890)	(6 647 643)
Staff Leave	(739 078)	(643 046)
Performance Bonuses	(388 378)	(448 363)
Overtime, Acting and Standby Allowances	(1 043 578)	(911 334)
Operating Surplus before changes in working capital	95 166 681	80 335 386
Movement in working capital	(27 910 733)	(31 446 947)
Receivables from Exchange Transactions	(14 863 352)	(15 480 122)
Receivables from Non-Exchange Transactions	(18 093 562)	(10 193 974)
Inventory	(113 889)	129 680
Long-term Receivables	1 758 305	(3 345 575)
Consumer Deposits	503 812	466 654
Payables from exchange transactions - Operating	3 487 333	1 825 091
Payables from exchange transactions - Total	6 269 862	285 587
Add back: Capital included in Trade Payables	(2 759 226)	1 253 773
Add back: Retentions	(23 304)	285 730
Unspent Conditional Government Grants	(902 798)	(4 189 841)
Unspent Public Contributions	34 500	123 819
Taxes	278 920	(782 679)
Cash Flow from Operating Activities	67 255 949	48 888 439

45 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	61 395 321	22 790 092
Call and Notice Deposits	113 295 671	120 778 322
Cash Floats	19 850	19 850
Total	174 710 842	143 588 264

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

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46 BUDGET COMPARISONS

46.1 Comparable Basis

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

The following items are affected by these classification differences:

Statement of Financial Position

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

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

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

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

Statement of Financial Performance

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

	Actuals per Statement of Financial Performance R	Reclassification due mSCOA vs GRAP classification R	Actuals per Budget Comparison R
REVENUE			
Property Rates	95 278 092	-	95 278 092
Service Charges - Electricity Revenue	135 158 166	-	135 158 166
Service Charges	131 676 059		
Availability Charges	3 482 107		
Service Charges - Water Revenue	40 006 101	-	40 006 101
Service Charges	38 625 516		
Availability Charges	1 380 585		
Service Charges - Sanitation Revenue	17 801 223	-	17 801 223
Service Charges	15 534 063		
Availability Charges	2 267 160		
Service Charges - Refuse Revenue	33 026 856	-	33 026 856
Service Charges	30 026 670		
Availability Charges	3 000 186		
Rental of Facilities and Equipment	6 983 148	(5 602 999)	1 380 150
Interest Earned - External Investments	12 455 184	-	12 455 184
Interest Earned - Outstanding Debtors	7 077 142	-	7 077 142
Fines	24 030 344	-	24 030 344
Licences and Permits	87 189	-	87 189
Agency Services	4 871 128	-	4 871 128
Transfers Recognised - Operational	75 604 488	(411 156)	75 193 332
Other Revenue	4 839 466	6 014 155	10 853 621
Insurance Refund	178 476		
Other Income	4 660 990		
Gains	8 366 588	-	8 366 588
Actuarial Gains	5 894 019		
Gain on disposal of Non-Monetary Assets	2 472 569		
Total Revenue (excluding capital transfers)	465 585 116	-	465 585 116



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46 BUDGET COMPARISONS (CONTINUED)

	Actuals per Statement of Financial Performance R	Reclassification due mSCOA vs GRAP classification R	Actuals per Budget Comparison R
EXPENDITURE			
Employee Related Costs	154 328 162	(818 037)	153 510 124
Remuneration of Councillors	6 791 323	-	6 791 323
Debt Impairment	31 488 315	-	31 488 315
Depreciation and Asset Impairment	30 869 526	-	30 869 526
Finance Charges	21 856 976	-	21 856 976
Bulk purchases	126 464 478	(7 855 039)	118 609 439
Inventory consumed	-	17 673 355	17 673 355
Contracted Services	33 616 806	-	33 616 806
Transfers and Grants	8 389 039	-	8 389 039
Other Expenditure	46 531 363	(9 000 278)	37 531 085
Losses	-	-	-
Total Expenditure	460 335 988	-	460 335 987
Surplus/(Deficit)	5 249 128	-	5 249 128
Transfers and subsidies - capital (monetary) - Government	20 244 717	-	20 244 717
Transfers and subsidies - capital (monetary) - Other	532 641	-	532 641
Transfers and subsidies - capital (in-kind)	2 250 000	-	2 250 000
Surplus/(Deficit) for the year	28 276 486	-	28 276 487

The items reclassified can be summarised as follow:

Item	GRAP Classification	Budget Classification	Amount
Revenue			
Camping and Entrance Fees	Rentals of Facilities and Equipment	Other Revenue	5 602 999
Chieta Training Grant	Government Grants and Subsidies - Operating	Other Revenue	411 156
Expenditure			
Workmen's Compensation Fund	Employee Related Costs	Other Expenditure	818 037
Water	Bulk Purchases	Inventory Consumed	7 855 039
Chemicals	Other Expenditure	Inventory Consumed	1 181 006
Fuel	Other Expenditure	Inventory Consumed	171 602
Maintenance Materials	Other Expenditure	Inventory Consumed	4 567 498
Printing and Stationary	Other Expenditure	Inventory Consumed	817 582
Refuse bags	Other Expenditure	Inventory Consumed	1 424 554
Sundries and Other Consumables	Other Expenditure	Inventory Consumed	1 656 073

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis in all material aspects.

46.2 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 2021/22.

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46 BUDGET COMPARISONS (CONTINUED)

Actual Amounts vs Final Budget

Cash and Call Investment Deposits	More cash was available at year-end due to general savings on operating expenditure and an underspending on capital expenditure. Also less creditors were paid at year-end than anticipated.
Property, plant and equipment	Actuals were less than budget as capital budget was not spent in full (88% of budget was spent).
Trade and Other Payables	The balance of outstanding creditors were more than anticipated due to a significant amount of invoices received in June 2023, which are only payable in July 2023.
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.

46.3 Statement of Financial Performance

Adjustments to Original Budget

Service Charges - Electricity Revenue	Decreased due to an increase in load-shedding and more consumers making use of alternative electricity resources.
Employee Related Costs	Decreased due to vacant posts not filled during course of year.
Bulk purchases - electricity	Decreased due to an increase in load-shedding and more consumers making use of alternative electricity resources.
Inventory consumed	Additional budget was added to water bulk purchases due to an increase in demand.
Other Expenditure	Increased to make provision for fuel cost to run generators during load-shedding stages.

Virements

All virement were done in line with the approved virement policy of the Municipality where funds are transferred from one line item to another within a specific vote. No material virements were made.

Actual Amounts vs Final Budget

Service Charges - Electricity Revenue	Actuals less than budget as more consumers are making use of alternative electricity resources than initially anticipated.
Employee Related Costs	Actuals less than budget as 44 budgeted positions were still vacant at year-end.
Inventory consumed	Actuals less than budget due to overall savings on inventory items, such as refuse bags, maintenance materials and fuel for generators.
Other Expenditure	Actuals were less than budget due to general savings.

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46 BUDGET COMPARISONS (CONTINUED)

46.4 Cash Flow Statement

Adjustments to Original Budget

Net Cash from/(used) Operating Activities	Receipts mainly decreased due to a loss in revenue from electricity sales as a result of load-shedding.
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Actual Amounts vs Final Budget

Net Cash from/(used) Operating Activities	Operating expenditure budget was not spent in full, resulting in cash surpluses.
Net Cash from/(used) Investing Activities	Capital expenditure budget was not spent in full, resulting in cash surpluses.

47 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

47.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

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

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:

	2023 (Actual) R	2023 (Final Budget) R	2023 (Unauthorised) R	2022 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Municipal Manager	32 843 164	33 722 260	-	-
Vote 2 - Finance	39 806 242	43 535 988	-	-
Vote 3 - Corporate Services	32 858 709	37 161 900	-	-
Vote 4 - Technical Services	278 600 297	295 373 039	-	-
Vote 5 - Community Services	76 227 575	80 571 557	-	-
Total	460 335 987	490 364 744	-	-
Unauthorised expenditure - Capital				
Vote 1 - Municipal Manager	677 039	2 209 928	-	-
Vote 2 - Finance	494 986	495 123	-	-
Vote 3 - Corporate Services	2 294 476	2 325 492	-	-
Vote 4 - Technical Services	62 745 192	70 992 658	-	-
Vote 5 - Community Services	8 501 930	8 978 143	-	-
Total	74 713 623	85 001 344	-	-

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

47.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	-	-
Fruitless and wasteful expenditure incurred - prior years	25 646	-
Fruitless and wasteful expenditure incurred - current year	1 899	1 026
Recovered from Employees	(19 322)	(1 026)
Approved by Council	-	-
Fruitless and wasteful expenditure awaiting further action	8 223	-

Details of fruitless and wasteful expenditure incurred

(a) Handling fee charge by supplier for incorrect items ordered, and then returned	-	301
(b) Cheapest quote not used	-	401
(c) More items purchased than approved order	-	325
(d) Supplier paid without the work done	17 423	-
(e) Items purchased without an official order	1 899	-
(f) Payment for damages caused by municipal official to private property	8 223	-
Total	27 545	1 026

Details of irregular expenditure awaiting further action:

(f) Payment for damages caused by municipal official to private property	8 223	-
Total	8 223	-

For incidents listed from (a) to (e), consequence management (MFMA Section 171) was imposed and the disciplinary actions were finalised. The amounts to be recovered from employees.

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

47.3 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	-	94 750
Irregular expenditure incurred - current year	262 259	-
Irregular expenditure incurred - prior periods	1 106 625	-
Approved by Council	-	(94 750)
Irregular expenditure awaiting further action	1 368 884	-

Details of irregular expenditure incurred:

(a) Contract awarded to supplier who was in the service of the state	40 522	-
(b) Work performed by supplier of which official order was only issued afterwards	24 045	-
(c) Two part time Councillors worked as full time Councillors and were also remunerated as full time Councillors.	1 257 716	-
(d) Quotations awarded considered non-compliant with Section 13(c) of SCM Regulation	46 600	-
Total	1 368 884	-

Details of irregular expenditure awaiting further action:

(a) Contract awarded to supplier who was in the service of the state	40 522	-
(b) Work performed by supplier of which official order was only issued afterwards	24 045	-
(c) Two part time Councillors worked as full time Councillors and were also remunerated as full time Councillors.	1 257 716	-
(d) Quotations awarded considered non-compliant with Section 13(c) of SCM Regulation	46 600	-
Total	1 368 884	-

All the irregular expenditure, except case number (d) which was identified during the regulatory audit, did serve at the Article 32 committee and was recommended for approval to Council.

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

Incidents/cases identified in the current year include:

(a) Contract awarded to supplier who was in the service of the state	1	0
(b) Work performed by supplier of which official order was only issued afterwards	1	0
(c) Two part time Councillors worked as full time Councillors and were also remunerated as full time Councillors.	2	0
(d) Quotations awarded considered non-compliant with Section 13(c) of SCM Regulation	2	0

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

48 MATERIAL LOSSES

48.1 Water distribution losses

Kilo litres disinfected/purified/purchased	2 397 178	2 365 019
Kilo litres sold and free basic services	2 047 429	2 007 507
Kilo litres lost during distribution	349 749	357 512
Percentage lost during distribution	14.59%	15.12%

Water losses can mainly be ascribed to a combination of major pipe bursts, field leakages and ageing meter infrastructure. A concerted effort is underway to replace meters, water mains and metering systems to address the water losses.

48.2 Electricity distribution losses

Units purchased (Kwh)	72 706 812	83 064 453
Units sold, free basic services and standard friction losses	64 914 814	72 615 568
Units lost during distribution (Kwh)	7 791 998	10 448 885
Percentage lost during distribution	10.72%	12.58%

Electricity losses can be ascribed to a combination of friction, transformer and losses associated with meter infrastructure. A meter replacement program in respect of electricity meters is underway to curb unaccounted losses.

49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

Opening balance	(1 135 927)	(1 003 992)
Expenditure incurred	1 562 659	1 382 634
Payments	(1 706 928)	(1 514 569)
Payments in advance	(1 280 196)	(1 135 927)

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

Opening balance	-	15 700
Expenditure incurred	4 030 807	3 655 643
External Audit - Auditor-General	3 432 562	3 127 357
VAT on External Audit	514 884	469 104
Audit Committee	83 361	59 182
Payments	(3 975 605)	(3 671 343)
Outstanding Balance	55 202	-

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

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

Opening balance	1 524 971	982 178
Net amount claimed / (declared) during the year	2 190 817	(855 031)
Net amount paid / (received) during the year	(1 990 171)	1 397 823
Outstanding Balance	1 725 617	1 524 971

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.

49.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]

Opening balance	-	-
Payroll deductions and Council Contributions during the year	23 551 095	22 439 049
Payments	(23 551 095)	(22 439 049)
Outstanding Balance	-	-

49.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]

Opening balance	-	-
Payroll deductions and Council Contributions during the year	36 716 190	35 030 097
Payments made to pension and medical fund	(36 716 190)	(35 030 097)
Outstanding Balance	-	-

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

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

49.7 Deviations from Supply Chain Management Regulations

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

Section 36(1)(a)(i) - Emergencies	3 332 941	652 234
Section 36(1)(a)(ii) - Single provider	-	34 931
Section 36(1)(a)(iii) - Specialised services	-	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	183 183	926 221
Total	3 516 124	1 613 386

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

Vote 1 - Municipal Manager	50 000	278 868
Vote 2 - Finance	-	369 926
Vote 3 - Corporate Services	85 515	5 094
Vote 4 - Technical Services	3 380 608	844 812
Vote 5 - Community Services	-	114 686
Total	3 516 124	1 613 386

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

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50 CAPITAL COMMITMENTS		
Approved and contracted for	13 857 617	4 754 542
Land and Buildings	-	169 574
Infrastructure	10 732 186	3 905 204
Community Assets	3 125 431	679 764
This expenditure will be financed from:		
Government Grants	8 894 065	2 162 985
External Loans	4 832 655	372 088
Own funding	130 897	2 219 469
Total	13 857 617	4 754 542

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

51 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

51.1 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	174 690 992	143 568 414
Receivables from exchange transactions	43 688 358	42 489 509
Receivables from non-exchange transactions	10 970 251	13 478 683
Long-term Receivables	6 174 106	8 662 613
Total	235 523 707	208 199 219

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.

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51 FINANCIAL RISK MANAGEMENT (CONTINUED)

Refer to note 3 and 4 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.

Also refer to note 6 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	2 542 754	2 366 156
Water	4 196 492	3 248 355
Refuse	5 482 852	4 123 709
Sewerage	2 985 012	2 341 899
Interest	8 063 711	7 955 464
Other	2 209 568	2 142 090
Availability Charges	10 314 105	12 872 674
Total	35 794 494	35 050 346

Past due receivables are aged as follow:

Past Due (31 - 60 Days)	3 468 768	3 104 847
Past Due (61 - 90 Days)	1 626 347	1 452 431
Past Due (90 Days +)	30 699 378	30 493 068
Total	35 794 494	35 050 346

51.2 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.

51.3 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)	174 690 992	143 568 414
Long-term Liabilities (including current portion)	-	-
Net balance exposed	174 690 992	143 568 414

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

0.5% (2022 - 0.5%) increase in interest rates	873 455	717 842
0.5% (2022 - 0.5%) decrease in interest rates	(873 455)	(717 842)

51.4 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.

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51 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
30 JUNE 2023				
Annuity Loans	23 168 058	81 434 802	61 519 544	166 122 404
Payables from exchange transactions	33 478 317	-	-	33 478 317
Total	56 646 375	81 434 802	61 519 544	199 600 721
30 JUNE 2022				
Annuity Loans	17 593 939	55 071 543	43 936 831	116 602 312
Payables from exchange transactions	26 847 762	-	-	26 847 762
Total	44 441 701	55 071 543	43 936 831	143 450 074

51.5 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.

52 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets

Cash and Cash Equivalents	174 690 992	143 568 414
Bank Accounts	61 395 321	22 790 092
Investment Deposits	113 295 671	120 778 322
Receivables from Exchange Transactions	43 688 358	42 489 509
Electricity	12 360 920	14 295 982
Water	8 481 253	6 859 604
Refuse	7 838 703	6 083 972
Sewerage	4 164 605	3 434 718
Interest	8 423 996	8 220 131
Other	2 418 881	2 330 950
West Coast District Municipality	-	1 264 152
Receivables from Non-Exchange Transactions	10 970 251	13 478 683
Availability Charges	10 970 251	13 478 683
Long-term Receivables	6 174 106	8 662 613
Receivables with repayment arrangements	6 174 106	8 662 613
Total	235 523 707	208 199 219

Financial Liabilities

Payables from Exchange Transactions	33 478 317	26 847 762
Trade Payables	26 196 384	20 503 458
Retentions	129 273	105 969
Sundry Creditors	2 701 378	2 227 546
Sundry Deposits	361 763	487 724
Unknown Receipts	3 699 244	2 962 280
Department of Human Settlements	327 182	525 958
Accrued Interest	44 920	34 826
West Coast District Municipality	18 173	-
Long-term Liabilities	105 464 209	75 491 244
Annuity Loans	105 464 209	75 491 244
Total	138 942 526	102 339 006

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53 STATUTORY RECEIVABLES

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

Receivables from Non-Exchange Transactions	32 864 422	29 865 559
Rates	30 771 092	28 241 909
Fines	2 093 330	1 623 650
Taxes - VAT Claimable from SARS	1 824 393	1 686 762
Total	34 688 814	31 552 321

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

Property Rates are levied in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004). Refer to note 22 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 26 for traffic fines issued for the year. No interest is levied on outstanding traffic fines.

Taxes (Value Added Tax) are raised in terms of the Value Added Tax Act. No interest is paid by the South African Revenue Service on outstanding VAT claims.

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

Property Rates

- Past due at the reporting date, and which have been impaired	11 651 445	11 595 334
- Past due that have not been impaired	24 241 301	23 036 179

54 PRINCIPAL-AGENT ARRANGEMENTS

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

54.1 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	190 420	159 800
Revenue collected from third parties	23 998 788	22 975 238
Commission earned on collections included in note 31	(3 434 025)	(3 373 261)
VAT on commission earned payable to the South African Revenue Services	(515 104)	(505 989)
Collections paid over to The Department	(19 936 959)	(19 065 367)
Collections payable to the Department at year-end	303 121	190 420

54.2 Department of Human Settlements

The Municipality acts as 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	(535 606)	(468 297)
Advances received during year	322 779	205 730
Expenditure incurred on behalf of Department	(198 776)	(273 040)
Balance at year-end	(411 604)	(535 606)

The balance at year-end is disclosed as follow:

Advance received included in note 14	327 182	525 958
Amounts claimable included in note 4	(738 786)	(1 061 564)
Balance at year-end	(411 604)	(535 606)

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54 PRINCIPAL-AGENT ARRANGEMENTS (CONTINUED)

54.3 Other Arrangements

The Municipality has entered into arrangements with service providers to provide services to the public on behalf of the Municipality. The nature of these arrangements were assessed and the transactions are not considered to fall within the scope of GRAP 109. The types of arrangements considered for this purpose are:

- Traffic Fines Management

The service provider is responsible for maintaining the fines register, sending of reminders for payment, issue and delivery of summonses and preparation of warrants of arrest. All fines revenue are collected by the Municipality in full. The service provider is paid a fixed amount for each fine collected.

- Prepaid Electricity Vendors

Various prepaid electricity vendors sell electricity on the Municipality's behalf. The software used results in all transactions being recorded in the Municipality's sub-system. The Municipality collects the cash receipts from the vendors on a daily basis and therefore collects the revenue in full. Prepaid vendors earn commission on the value of each transaction.

55 EVENTS AFTER REPORTING DATE

The following events after reporting date are noted:

- The Government Gazette for the determination of upper limits of the salaries, allowances and benefits of different members of municipal councils was issued on 18 August 2023, which stipulate that the notice takes effect from 1 July 2022. As on reporting date, this notice has been adopted by the Council, but has not yet been approved by the MEC. The financial impact is calculated at R263 284.

56 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received donations as disclosed in note 24.

57 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

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

58 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.

59 RELATED PARTIES

59.1 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.

59.2 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.

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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59 RELATED PARTIES (CONTINUED)

59.3 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 34 and 35.

59.4 Current Employee Benefits

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

Adv H Linde	- Municipal Manager	-	16 386
Mr JWA Kotzee	- Director: Corporate Services	48 716	42 741
Mr DA Josephus	- Director: Community Services	53 350	89 495
Mr F M Lötter	- Chief Financial Officer	-	82 821
Mr VW Felton	- Director: Technical Services	-	4 561
Mr DC Van Turha	- Director: Technical Services	39 037	-
Total		141 103	236 004

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

Mr DA Josephus	- Director: Community Services	29 167	29 167
Mr DC Van Turha	- Director: Technical Services	33 250	-
Total		62 417	29 167

59.5 Other related party transactions

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

60 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
Shekinal at ur service	H van Wyk	Spouse (Bergrivier Municipality)	3 200	-
Carien van Wyk	H van Wyk	Spouse (Bergrivier Municipality)	14 200	-
Sonneberg Taxis Transport	S Sonneberg	Spouse (Bergrivier Municipality)	65 000	-
Nedbank	V Subramoney	Spouse (National Department of Education)	854 385	-
Shekinal at ur service	H P van Wyk	Spouse (Bergrivier Municipality)	-	6 500
Anderson and Nel	H Kruger	Spouse (DOJ)	-	15 984
Morrison Bros	J Morrison	Son (Saldanha Municipality)	-	10 690
Dinah Traders	N Hendricks	Husband (WCED)	72 311	-
Pison Hawila Construction	N Scheepers	Spouse (Bergrivier Municipality)	395 112	245 886
Aurecon	HC Ahlschlager	Spouse (SUI)	-	236 500
WRP Consulting Eng	K Mamphitha	Spouse (SABC)	4 140	4 140
JPCE	J Minnie	Spouse (City of Cape Town)	-	54 858
CONLOG	N Moodley	Spouse (Dept of Health)	290 297	16 628
JJJ Enterprise	S Kotze	Spouse (Cederberg Municipality)	22 920	-
TTR	N Matube	Spouse (WCLA)	445 190	1 450 673
Red Ant Security	N Lesielsa	Spouse (Mogale City Local Municipality)	-	138 000
Van der Spuy en Vennote	M van Zyl	Spouse (WCED)	44 406	12 461
Rocco Smit	B Smidt	Daughter (Bergrivier Municipality)	500	-
Jah Guide Davids	G Davids	Spouse (SAPS)	-	350 000
Boland Rugby	R E Swarts	Director (Bergrivier Municipality)	50 000	-
JC Refrigeration	HEsterhuizen	Spouse (SAPS)	131 306	-
Mubesko Africa	L Saaiman	Spouse (WCED)	1 994 932	1 702 062
	J Niehaus	Spouse (Northern Cape Health Dept)		
Total			4 387 899	4 244 381



BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Figures in Rand	2023	2022
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61 CONTINGENT ASSET

The Municipality is not aware of any contingent assets.

62 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.

63 COVID-19

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

Food parcels	-	162 077
Personal Protective Equipment and Sanitizers	-	70 560
Total	-	232 636

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

Own Revenue	-	232 636
Total	-	232 636

64 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.

65 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.

66 SEGMENT REPORTING

66.1 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

BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Figures in Rand

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66 SEGMENT REPORTING (CONTINUED)

66.2 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.

66.3 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.

66.4 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 2023

66 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
2023											
REVENUE											
External Revenue from Non-Exchange Transactions	149 917 242	9 156 474	113 101	23 055 477	16 873 842	1 783 046	7 779 247	6 925 809	6 157 506	12 381 072	234 142 816
Property Rates	95 278 092	-	-	-	-	-	-	-	-	-	95 278 092
Government Grants and Subsidies - Operating	47 430 401	8 406 420	113 101	127 963	2 881 700	1 783 046	1 571 102	2 802 165	3 890 346	6 598 245	75 604 488
Government Grants and Subsidies - Capital	229 542	564 697	-	-	13 992 142	-	2 719 207	2 739 130	-	532 641	20 777 359
Contributed Assets	-	-	-	-	-	-	-	-	-	2 250 000	2 250 000
Availability Charges	-	-	-	-	-	-	3 482 107	1 380 585	2 267 160	3 000 186	10 130 038
Insurance Refund	-	172 682	-	5 794	-	-	-	-	-	-	178 476
Fines, penalties and forfeits	1 085 188	12 675	-	22 921 720	-	-	6 831	3 930	-	-	24 030 344
Actuarial Gains	5 894 019	-	-	-	-	-	-	-	-	-	5 894 019
External Revenue from Exchange Transactions	23 746 421	1 021 764	5 604 147	4 886 048	2 576 590	19 704	132 220 249	38 625 516	15 560 031	30 209 189	254 469 658
Service Charges	-	-	-	-	-	-	131 676 059	38 625 516	15 534 063	30 026 670	215 862 307
Rental of Facilities and Equipment	1 035 607	350 037	5 597 504	-	-	-	-	-	-	-	6 983 148
Interest Earned - external investments	12 455 184	-	-	-	-	-	-	-	-	-	12 455 184
Interest Earned - outstanding debtors	7 077 142	-	-	-	-	-	-	-	-	-	7 077 142
Licences and Permits	-	-	-	14 920	72 270	-	-	-	-	-	87 189
Agency Services	-	-	-	4 871 128	-	-	-	-	-	-	4 871 128
Other Income	705 919	671 727	6 643	-	2 504 320	19 704	544 190	-	25 968	182 519	4 660 990
Gain on disposal of Non-Monetary Assets	2 472 569	-	-	-	-	-	-	-	-	-	2 472 569
TOTAL REVENUE	173 663 663	10 178 238	5 717 248	27 941 525	19 450 431	1 802 750	139 999 496	45 551 326	21 717 537	42 590 260	488 612 474
EXPENDITURE											
Employee Related Costs	52 313 234	19 630 080	4 013 283	14 605 453	10 862 305	20 660 228	10 121 682	6 232 697	3 868 975	12 020 225	154 328 162
Remuneration of Councillors	6 791 323	-	-	-	-	-	-	-	-	-	6 791 323
Debt Impairment	4 339 627	-	-	18 210 590	-	-	405 203	2 510 271	2 322 870	3 699 754	31 488 315
Depreciation and Amortisation	2 195 121	2 147 256	178 085	570 752	294 301	5 733 947	2 335 456	2 644 868	3 137 777	11 631 962	30 869 526
Finance Charges	7 809 723	202 323	-	57 377	-	1 605 739	1 201 169	1 093 072	672 935	9 214 637	21 856 976
Bulk Purchases	-	-	-	-	-	-	118 609 439	7 855 039	-	-	126 464 478
Contracted Services	9 685 061	2 003 484	804 458	3 720 460	693 379	1 038 235	1 110 199	1 209 938	1 501 773	11 849 818	33 616 806
Transfers and Grants	8 389 039	-	-	-	-	-	-	-	-	-	8 389 039
Other Expenditure	21 196 472	2 829 620	772 548	2 685 416	676 103	4 980 821	4 103 085	5 096 199	608 983	3 582 116	46 531 363
Total Expenditure	112 719 600	26 812 764	5 768 374	39 850 048	12 526 088	34 018 969	137 886 232	26 642 084	12 113 314	51 998 512	460 335 987
NET SURPLUS/(DEFICIT) FOR THE YEAR	60 944 064	(16 634 527)	(51 126)	(11 908 524)	6 924 343	(32 216 219)	2 113 264	18 909 241	9 604 222	(9 408 252)	28 276 487
Less: Government Grants and Subsidies - Capital	(229 542)	(564 697)	-	-	(13 992 142)	-	(2 719 207)	(2 739 130)	-	(532 641)	(20 777 359)
Less: Contributed Assets	-	-	-	-	-	-	-	-	-	(2 250 000)	(2 250 000)
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	60 714 522	(17 199 223)	(51 126)	(11 908 524)	(7 067 799)	(32 216 219)	(605 943)	16 170 111	9 604 222	(12 190 893)	5 249 128
CAPITAL EXPENDITURE FOR THE YEAR	5 223 097	6 854 163	683 685	964 082	3 813 475	13 881 761	9 435 126	23 360 486	4 448 107	6 049 641	74 713 623



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BERGRIVIER LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

66 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
2022											
REVENUE											
External Revenue from Non-Exchange Transactions	128 640 012	8 726 857	149 047	18 664 967	16 763 292	2 185 000	5 961 493	3 666 271	11 115 335	9 244 600	205 116 874
Property Rates	84 410 540	-	-	-	-	-	-	-	-	-	84 410 540
Government Grants and Subsidies - Operating	41 162 439	8 179 181	149 047	117 517	2 879 454	2 185 000	1 531 552	2 211 407	4 259 115	6 050 069	68 724 780
Government Grants and Subsidies - Capital	-	480 302	-	-	13 883 838	-	869 565	-	4 570 692	233 619	20 038 015
Availability Charges	-	-	-	-	-	-	3 517 710	1 454 864	2 285 529	2 960 912	10 219 015
Insurance Refund	421 672	-	-	-	-	-	27 708	-	-	-	449 380
Fines, penalties and forfeits	1 253 618	67 374	-	18 547 450	-	-	14 959	-	-	-	19 883 402
Actuarial Gains	1 391 744	-	-	-	-	-	-	-	-	-	1 391 744
External Revenue from Exchange Transactions	14 705 474	1 089 020	4 977 418	4 685 406	2 473 481	40 309	141 807 494	34 565 255	13 611 853	23 929 831	241 885 541
Service Charges	-	-	-	-	-	-	141 127 164	34 565 255	13 580 577	23 689 302	212 962 297
Rental of Facilities and Equipment	1 193 601	329 509	4 964 986	-	-	-	-	-	-	-	6 488 097
Interest Earned - external investments	7 447 059	-	-	-	-	-	-	-	-	-	7 447 059
Interest Earned - outstanding debtors	5 166 250	-	-	-	-	-	-	-	-	-	5 166 250
Licences and Permits	-	-	-	9 353	75 341	-	-	-	-	-	84 694
Agency Services	-	-	-	4 676 053	-	-	-	-	-	-	4 676 053
Other Income	709 517	759 511	12 431	-	2 398 140	40 309	680 330	-	31 276	240 529	4 872 043
Gain on disposal of Non-Monetary Assets	189 048	-	-	-	-	-	-	-	-	-	189 048
TOTAL REVENUE	143 345 487	9 815 878	5 126 465	23 350 373	19 236 773	2 225 309	147 768 987	38 231 526	24 727 188	33 174 431	447 002 416
EXPENDITURE											
Employee Related Costs	48 838 244	19 127 499	3 946 426	14 066 062	10 256 719	19 083 853	9 908 292	6 048 576	3 422 638	12 098 954	146 797 263
Remuneration of Councillors	6 800 868	-	-	-	-	-	-	-	-	-	6 800 868
Debt Impairment	-1 999 267	-	-	14 592 840	-	-	-461 766	1 117 750	609 747	791 197	14 650 501
Depreciation and Amortisation	1 727 612	1 702 574	171 401	588 173	374 193	4 775 980	2 050 719	2 372 757	2 779 404	10 040 909	26 583 723
Finance Charges	6 042 359	751	-	-	-	1 776 232	16 826	2 777 156	506 847	6 850 559	17 970 731
Bulk Purchases	-	-	-	-	-	-	118 995 098	6 100 365	-	-	125 095 464
Contracted Services	10 057 125	2 573 852	782 393	3 325 771	569 863	1 111 430	634 501	879 389	1 375 507	11 585 462	32 895 292
Transfers and Grants	6 736 094	-	-	-	-	-	-	-	-	-	6 736 094
Other Expenditure	17 053 746	3 460 967	717 591	2 412 491	482 953	3 721 763	3 877 327	3 973 206	802 939	3 123 383	39 626 366
Total Expenditure	95 256 782	26 865 643	5 617 812	34 985 337	11 683 727	30 469 258	135 020 997	23 269 200	9 497 082	44 490 463	417 156 301
NET SURPLUS/(DEFICIT) FOR THE YEAR	48 088 705	(17 049 766)	(491 347)	(11 634 964)	7 553 045	(28 243 949)	12 747 990	14 962 326	15 230 106	(11 316 032)	29 846 114
Less: Government Grants and Subsidies - Capital	-	(480 302)	-	-	(13 883 838)	-	(869 565)	-	(4 570 692)	(233 619)	(20 038 015)
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	48 088 705	(17 530 067)	(491 347)	(11 634 964)	(6 330 792)	(28 243 949)	11 878 425	14 962 326	10 659 415	(11 549 651)	9 808 100
CAPITAL EXPENDITURE FOR THE YEAR	4 987 239	5 805 058	1 573 788	647 570	118 338	18 937 776	4 733 040	5 141 189	9 814 514	1 035 295	52 793 807

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2023

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2022	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2023
<u>ANNUITY LOANS</u>							
Nedbank	05/7831032282	11.27%	2023/06/12	591 472	-	(591 472)	-
DBSA	61001029	12.41%	2030/06/30	11 859 227	-	(936 687)	10 922 541
DBSA	61006811	11.53%	2031/06/30	2 872 968	-	(195 605)	2 677 364
DBSA	61006837	11.59%	2036/06/30	7 597 601	-	(236 024)	7 361 576
DBSA	61006975	11.33%	2032/06/30	3 013 501	-	(174 809)	2 838 692
Standard Bank	537707	8.90%	2024/06/30	2 059 068	-	(969 676)	1 089 392
Standard Bank	536748	10.07%	2023/06/30	1 464 793	-	(1 464 793)	-
ABSA	3044701437	10.57%	2026/06/01	2 995 562	-	(637 083)	2 358 479
ABSA	3046456438	10.12%	2027/06/30	3 729 384	-	(603 872)	3 125 512
DBSA	61007572	9.28%	2029/06/29	4 599 801	-	(496 152)	4 103 649
DBSA	61007573	8.90%	2024/06/30	496 524	-	(237 715)	258 809
DBSA	61007642	10.07%	2030/06/30	5 699 623	-	(492 272)	5 207 351
Standard Bank	654527	9.02%	2031/06/30	11 047 024	-	(840 928)	10 206 096
ABSA	3054195743	7.22%	2026/06/30	2 814 695	-	(629 709)	2 184 985
Standard Bank	729304	11.05%	2032/06/30	11 750 000	-	(685 024)	11 064 976
Standard Bank	729271	10.62%	2027/06/30	2 900 000	-	(465 346)	2 434 654
Standard Bank	797102	10.22%	2028/06/30	-	14 846 835	-	14 846 835
Standard Bank	797125	12.08%	2038/06/30	-	10 925 000	-	10 925 000
Nedbank	19/11396464000	11.70%	2033/06/30	-	13 858 300	-	13 858 300
Total Annuity Loans				75 491 244	39 630 135	(9 657 170)	105 464 209

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDED 30 JUNE 2023

	OPENING BALANCE	GRANTS RECEIVED	GRANTS REPAID	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	CLOSING BALANCE
	R	R	R	R	R	R
NATIONAL GOVERNMENT						
Equitable Share	-	57 505 995	-	(57 505 995)	-	-
Finance Management Grant (FMG)	-	1 550 000	-	(1 550 000)	-	-
Municipal Infrastructure Grant (MIG)	1 063 317	16 017 000	(326 290)	(2 881 700)	(13 872 327)	-
Expanded Public Works Programme (EPWP)	-	1 662 000	-	(1 662 000)	-	-
Water Service Infrastructure Grant (WSIG)	1 339 705	3 150 000	(1 339 705)	(410 870)	(2 739 130)	-
Total	2 403 022	79 884 995	(1 665 995)	(64 010 565)	(16 611 457)	-
PROVINCIAL GOVERNMENT						
Proclaimed Roads	-	121 046	-	(121 046)	-	-
Regional Socio - Economic Project/Violence Prevention through Urban Upgrading	-	120 000	-	-	(119 815)	185
Library Services	608 285	8 053 000	-	(8 366 007)	(295 278)	-
Financial Management Capacity Building Grant	188 525	2 325 000	-	(2 072 865)	-	440 660
Development of Sport and Recreation Facilities	300 000	-	(300 000)	-	-	-
Department of Human Settlements	-	526 000	-	(40 413)	(269 419)	216 169
Public Employment Support Grant	444 729	-	-	(444 729)	-	-
Loadshedding Emergency Relief Grant	-	3 600 000	-	-	(2 719 207)	880 793
Joint District and Metro Approach Grant	-	1 820 000	-	(34 431)	(229 542)	1 556 027
Total	1 541 539	16 565 046	(300 000)	(11 079 491)	(3 633 260)	3 093 834
OTHER GRANT PROVIDERS						
Heist op den Berg	120 299	701 074	-	(103 276)	(532 641)	185 456
Chieta Training Grant	498 262	293 928	-	(411 156)	-	381 034
Total	618 561	995 002	-	(514 432)	(532 641)	566 490
ALL SPHERES OF GOVERNMENT	4 563 122	97 445 043	(1 965 995)	(75 604 488)	(20 777 358)	3 660 324

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
Financial Performance						
Property rates	94 702 236	-	94 702 236	95 278 092	575 856	84 410 540
Service charges	247 704 166	(9 308 000)	238 396 166	225 992 346	(12 403 820)	223 181 312
Investment revenue	7 981 000	2 344 000	10 325 000	12 455 184	2 130 184	7 447 059
Transfers and subsidies - operational	73 909 434	1 974 664	75 884 098	75 193 332	(690 766)	68 724 780
Other own revenue	47 850 000	4 319 000	52 169 000	56 666 162	4 497 162	43 200 711
Total Operating Revenue (excluding capital transfers)	472 146 836	(670 336)	471 476 500	465 585 116	(5 891 384)	426 964 401
Employee costs	166 889 715	(6 463 786)	160 425 929	153 510 124	(6 915 805)	146 167 167
Remuneration of councillors	6 993 000	(8 000)	6 985 000	6 791 323	(193 677)	6 800 868
Debt impairment	30 490 142	1 183 058	31 673 200	31 488 315	(184 885)	14 650 501
Depreciation and asset impairment	28 668 000	1 602 000	30 270 000	30 869 526	599 526	26 583 723
Finance charges	19 514 400	2 333 200	21 847 600	21 856 976	9 376	17 970 731
Bulk purchases	128 498 000	(6 275 000)	122 223 000	118 609 439	(3 613 561)	118 995 098
Inventory consumed	17 780 200	5 495 391	23 275 591	17 673 355	(5 602 236)	15 361 683
Contracted Services	38 447 400	(1 101 265)	37 346 135	33 616 806	(3 729 329)	32 895 292
Transfers and grants	7 797 000	769 025	8 566 025	8 389 039	(176 986)	6 736 094
Other expenditure	40 286 580	4 760 684	45 047 264	37 531 085	(7 516 179)	30 995 144
Losses	2 705 000	-	2 705 000	-	(2 705 000)	-
Total Expenditure	488 069 437	2 295 307	490 364 744	460 335 987	(30 028 757)	417 156 301
Surplus/(Deficit)	(15 922 601)	(2 965 643)	(18 888 244)	5 249 128	24 137 372	9 808 100
Transfers and subsidies - capital (monetary) - Government	23 610 566	(875 098)	22 735 468	20 244 717	(2 490 751)	19 804 396
Transfers and subsidies - capital (monetary) - Other	528 000	120 299	648 299	532 641	(115 658)	233 619
Transfers and subsidies - capital (in-kind)	-	2 250 000	2 250 000	2 250 000	-	-
Surplus/(Deficit) for the year	8 215 965	(1 470 442)	6 745 523	28 276 487	21 530 964	29 846 114
Capital expenditure & funds sources						
Capital expenditure	83 154 566	1 846 778	85 001 344	74 713 623	(10 287 721)	52 793 807
Transfers recognised - capital	24 138 566	1 495 201	25 633 767	23 027 359	(2 606 408)	20 038 015
Borrowing	40 000 000	(369 865)	39 630 135	33 075 258	(6 554 877)	15 757 246
Internally generated funds	19 016 000	721 442	19 737 442	18 611 007	(1 126 435)	16 998 546
Total sources of capital funds	83 154 566	1 846 778	85 001 344	74 713 623	(10 287 721)	52 793 807
Cash flows						
Net cash from (used) operating	49 932 294	(7 670 127)	42 262 167	66 752 137	24 489 970	48 421 785
Net cash from (used) investing	(83 154 566)	3 803 222	(79 351 344)	(66 106 334)	13 245 010	(53 716 458)
Net cash from (used) financing	30 312 617	(2 586 458)	27 726 159	30 476 776	2 750 617	7 237 140
Net Cash Movement for the year	(2 909 655)	(6 453 363)	(9 363 018)	31 122 578	40 485 596	1 942 467
Cash/cash equivalents at beginning of year	126 446 973	17 141 291	143 588 264	143 588 264	-	141 645 797
Cash/cash equivalents at the year end	123 537 318	10 687 928	134 225 246	174 710 842	40 485 596	143 588 264



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BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	57 657 000	(57 000)	57 600 000	40 987 407	(16 612 593)	33 904 138
Finance and administration	115 488 236	8 508 525	123 996 761	132 032 217	8 035 456	109 045 259
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	8 877 000	628 285	9 505 285	9 561 647	56 362	9 303 572
Sport and recreation	5 618 000	(304 131)	5 313 869	6 024 007	710 138	5 259 103
Public safety	21 267 000	1 250 635	22 517 635	23 070 397	552 762	18 674 319
Housing	9 172 000	(8 646 000)	526 000	309 831	(216 169)	379 667
Economic and environmental services						
Planning and development	17 913 000	3 278 587	21 191 587	20 094 470	(1 097 117)	19 632 863
Road transport	7 646 000	(1 078 000)	6 568 000	6 673 878	105 878	6 901 362
Trading services						
Energy sources	160 753 000	(7 230 000)	153 523 000	139 999 496	(13 523 504)	147 768 987
Water management	40 743 166	1 919 000	42 662 166	45 551 326	2 889 160	38 231 526
Waste water management	17 786 000	150 000	17 936 000	21 717 537	3 781 537	24 727 188
Waste management	33 365 000	2 404 964	35 769 964	42 590 260	6 820 296	33 174 431
Total Revenue - Standard	496 285 402	824 865	497 110 267	488 612 474	(8 497 793)	447 002 416
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	26 210 900	792 700	27 003 600	26 724 857	(278 744)	23 492 722
Finance and administration	91 250 700	(2 922 883)	88 327 817	79 876 435	(8 451 382)	66 934 714
Internal audit	1 500 280	(339 880)	1 160 400	1 204 498	44 098	1 113 834
Community and public safety						
Community and social services	13 872 500	(154 245)	13 718 255	12 768 465	(949 790)	12 156 011
Sport and recreation	22 167 964	(1 711 000)	20 456 964	17 917 065	(2 539 899)	18 183 457
Public safety	36 852 192	2 066 082	38 918 274	38 543 921	(374 353)	33 647 240
Housing	3 657 000	(1 692 803)	1 964 197	1 895 609	(68 588)	2 143 987
Economic and environmental services						
Planning and development	17 410 801	850 309	18 261 110	17 439 898	(821 212)	15 399 239
Road transport	35 529 200	(151 543)	35 377 657	34 277 981	(1 099 676)	30 960 118
Trading services						
Energy sources	150 339 200	(2 774 665)	147 564 535	137 886 232	(9 678 303)	135 020 997
Water management	23 508 750	5 898 231	29 406 981	26 642 084	(2 764 897)	23 269 200
Waste water management	15 219 200	107 205	15 326 405	13 160 431	(2 165 974)	10 344 319
Waste management	50 550 750	2 327 799	52 878 549	51 998 512	(880 037)	44 490 463
Total Expenditure - Standard	488 069 437	2 295 307	490 364 744	460 335 987	(30 028 757)	417 156 301
Surplus/(Deficit) for the year	8 215 965	(1 470 442)	6 745 523	28 276 487	21 530 964	29 846 114

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATEMENT OUTCOME 2022 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Municipal Manager	57 657 000	1 969 560	59 626 560	41 631 446	(17 995 114)	34 300 228
Vote 2 - Finance	109 990 236	6 408 525	116 398 761	124 772 037	8 373 276	106 215 917
Vote 3 - Corporate Services	3 248 000	(35 000)	3 213 000	6 664 186	3 451 186	1 663 952
Vote 4 - Technical Services	274 668 166	649 991	275 318 157	271 707 795	(3 610 362)	266 529 604
Vote 5 - Community Services	50 722 000	(8 168 211)	42 553 789	43 837 011	1 283 222	38 292 715
Total Revenue by Vote	496 285 402	824 865	497 110 267	488 612 474	(8 497 793)	447 002 416
EXPENDITURE						
Vote 1 - Municipal Manager	32 593 480	1 128 780	33 722 260	32 843 164	(879 096)	28 322 068
Vote 2 - Finance	46 097 500	(2 561 512)	43 535 988	39 806 242	(3 729 746)	31 954 421
Vote 3 - Corporate Services	38 156 451	(994 551)	37 161 900	32 858 709	(4 303 191)	28 731 491
Vote 4 - Technical Services	289 667 350	5 705 689	295 373 039	278 600 297	(16 772 742)	257 312 641
Vote 5 - Community Services	81 554 656	(983 099)	80 571 557	76 227 575	(4 343 982)	70 835 681
Total Expenditure by Vote	488 069 437	2 295 307	490 364 744	460 335 987	(30 028 757)	417 156 301
Surplus/(Deficit) for the year	8 215 965	(1 470 442)	6 745 523	28 276 487	21 530 964	29 846 114

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	94 702 236	-	94 702 236	95 278 092	575 856	84 410 540
Service charges - electricity revenue	160 568 000	(11 375 000)	149 193 000	135 158 166	(14 034 834)	144 644 873
Service charges - water revenue	36 807 166	1 919 000	38 726 166	40 006 101	1 279 935	36 020 120
Service charges - sanitation revenue	17 762 000	150 000	17 912 000	17 801 223	(110 777)	15 866 105
Service charges - refuse revenue	32 567 000	(2 000)	32 565 000	33 026 856	461 856	26 650 214
Rental of facilities and equipment	1 674 000	(29 000)	1 645 000	1 380 150	(264 850)	1 505 830
Interest earned - external investments	7 981 000	2 344 000	10 325 000	12 455 184	2 130 184	7 447 059
Interest earned - outstanding debtors	5 000 000	1 000 000	6 000 000	7 077 142	1 077 142	5 166 250
Fines, penalties and forfeits	21 286 000	1 636 000	22 922 000	24 030 344	1 108 344	19 883 402
Licences and permits	77 000	(20 000)	57 000	87 189	30 189	84 694
Agency services	5 788 000	(1 097 000)	4 691 000	4 871 128	180 128	4 676 053
Transfers and subsidies - Operating	73 909 434	1 974 664	75 884 098	75 193 332	(690 766)	68 724 780
Other revenue	11 325 000	(571 000)	10 754 000	10 853 621	99 621	10 303 690
Gains	2 700 000	3 400 000	6 100 000	8 366 588	2 266 588	1 580 792
Total Revenue (excluding capital transfers)	472 146 836	(670 336)	471 476 500	465 585 116	(5 891 384)	426 964 401
EXPENDITURE BY TYPE						
Employee related costs	166 889 715	(6 463 786)	160 425 929	153 510 124	(6 915 805)	146 167 167
Remuneration of councillors	6 993 000	(8 000)	6 985 000	6 791 323	(193 677)	6 800 868
Debt impairment	30 490 142	1 183 058	31 673 200	31 488 315	(184 885)	14 650 501
Depreciation and asset impairment	28 668 000	1 602 000	30 270 000	30 869 526	599 526	26 583 723
Finance charges	19 514 400	2 333 200	21 847 600	21 856 976	9 376	17 970 731
Bulk purchases - electricity	128 498 000	(6 275 000)	122 223 000	118 609 439	(3 613 561)	118 995 098
Inventory consumed	17 780 200	5 495 391	23 275 591	17 673 355	(5 602 236)	15 361 683
Contracted Services	38 447 400	(1 101 265)	37 346 135	33 616 806	(3 729 329)	32 895 292
Transfers and grants	7 797 000	769 025	8 566 025	8 389 039	(176 986)	6 736 094
Other expenditure	40 286 580	4 760 684	45 047 264	37 531 085	(7 516 179)	30 995 144
Losses	2 705 000	-	2 705 000	-	(2 705 000)	-
Total Expenditure	488 069 437	2 295 307	490 364 744	460 335 987	(30 028 757)	417 156 301
Surplus/(Deficit)	(15 922 601)	(2 965 643)	(18 888 244)	5 249 128	24 137 372	9 808 100
Transfers and subsidies - Capital (monetary) - Government	23 610 566	(875 098)	22 735 468	20 244 717	(2 490 751)	19 804 396
Transfers and subsidies - Capital (monetary) - Other	528 000	120 299	648 299	532 641	(115 658)	233 619
Transfers and subsidies - Capital (in-kind)	-	2 250 000	2 250 000	2 250 000	-	-
Surplus/(Deficit) for the year	8 215 965	(1 470 442)	6 745 523	28 276 487	21 530 964	29 846 114

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 1 - Municipal Manager	-	-	-	-	-	-
Vote 2 - Finance	-	-	-	-	-	-
Vote 3 - Corporate Services	120 000	-	120 000	119 815	(185)	98 426
Vote 4 - Technical Services	27 321 305	(7 188 213)	20 133 092	16 694 955	(3 438 137)	5 319 097
Vote 5 - Community Services	160 000	750 807	910 807	910 781	(26)	798 673
Total Multi-year expenditure	27 601 305	(6 437 406)	21 163 899	17 725 550	(3 438 349)	6 216 196
Single-year expenditure						
Vote 1 - Municipal Manager	450 000	1 759 928	2 209 928	677 039	(1 532 889)	46 158
Vote 2 - Finance	960 000	(464 877)	495 123	494 986	(137)	2 207 586
Vote 3 - Corporate Services	2 145 000	60 492	2 205 492	2 174 661	(30 831)	2 496 460
Vote 4 - Technical Services	43 248 261	7 611 305	50 859 566	46 050 238	(4 809 328)	34 599 663
Vote 5 - Community Services	8 750 000	(682 664)	8 067 336	7 591 149	(476 187)	7 227 743
Total Single-year expenditure	55 553 261	8 284 184	63 837 445	56 988 073	(6 849 372)	46 577 611
Total Capital Expenditure by Vote	83 154 566	1 846 778	85 001 344	74 713 623	(10 287 721)	52 793 807
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	140 000	19 000	159 000	152 817	(6 183)	46 158
Finance and administration	4 657 500	(211 885)	4 445 615	4 546 059	100 444	4 941 082
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	1 910 000	703 402	2 613 402	2 586 097	(27 305)	2 419 637
Sport and recreation	4 925 000	(560 050)	4 364 950	4 306 486	(58 464)	4 959 210
Public safety	1 060 000	(74 283)	985 717	964 082	(21 635)	647 570
Housing	1 015 000	(926)	1 014 074	645 264	(368 810)	-
Economic and environmental services						
Planning and development	13 359 500	(5 122 072)	8 237 428	4 337 697	(3 899 732)	118 338
Road transport	12 900 131	636 953	13 537 084	13 386 330	(150 754)	18 542 446
Trading services						
Energy sources	8 020 000	4 584 763	12 604 763	9 435 126	(3 169 637)	4 733 040
Water management	24 249 612	(2 966)	24 246 646	23 360 486	(886 160)	5 141 189
Waste water management	6 229 823	384 893	6 614 716	4 943 538	(1 671 178)	10 209 844
Waste management	4 688 000	1 489 949	6 177 949	6 049 641	(128 308)	1 035 295
Total Capital Expenditure - Standard	83 154 566	1 846 778	85 001 344	74 713 623	(10 287 721)	52 793 807



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BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CAPITAL EXPENDITURE (CONTINUED)						
FUNDING SOURCES						
National Government	15 970 566	640 893	16 611 459	16 611 457	(2)	19 324 094
Provincial Government	7 640 000	(3 098 600)	4 541 400	3 403 718	(1 137 682)	480 302
District Municipality	-	1 582 609	1 582 609	229 542	(1 353 067)	-
Other transfers and grants	528 000	120 299	648 299	532 641	(115 658)	233 619
Transfers and subsidies - capital (in-kind)	-	2 250 000	2 250 000	2 250 000	-	-
Transfers recognised - capital	24 138 566	1 495 201	25 633 767	23 027 358.54	(2 606 408)	20 038 015
Borrowing	40 000 000	(369 865)	39 630 135	33 075 258	(6 554 877)	15 757 246
Internally generated funds	19 016 000	721 442	19 737 442	18 611 007	(1 126 435)	16 998 546
Total Capital Funding	83 154 566	1 846 778	85 001 344	74 713 623	(10 287 721)	52 793 807

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	89 142 951	(0)	89 142 951	92 386 529	3 243 578	83 107 956
Service charges	241 842 037	(9 360 374)	232 481 663	223 512 426	(8 969 237)	214 279 354
Other revenue	22 931 858	(760 058)	22 171 800	22 178 926	7 126	22 229 098
Government - operating	73 909 434	910 391	74 819 825	74 701 690	(118 135)	64 534 939
Government - capital	24 138 566	(3 755 386)	20 383 180	20 777 358	394 178	20 038 015
Interest	10 432 743	2 846 549	13 279 292	12 430 129	(849 163)	7 429 272
Payments						
Suppliers and employees	(396 865 895)	3 322 976	(393 542 919)	(362 908 891)	30 634 028	(349 254 713)
Finance charges	(7 802 400)	(135 200)	(7 937 600)	(7 936 992)	608	(7 206 042)
Transfers and grants	(7 797 000)	(739 025)	(8 536 025)	(8 389 039)	146 986	(6 736 094)
NET CASH FROM OPERATING ACTIVITIES	49 932 294	(7 670 127)	42 262 167	66 752 137	24 489 970	48 421 785
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	3 400 000	3 400 000	3 574 759	174 759	616 852
Payments						
Capital assets	(83 154 566)	403 222	(82 751 344)	(69 681 094)	13 070 250	(54 333 310)
NET CASH USED IN INVESTING ACTIVITIES	(83 154 566)	3 803 222	(79 351 344)	(66 106 334)	13 245 010	(53 716 458)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	40 000 000	(369 865)	39 630 135	39 630 135	-	14 650 000
Increase (decrease) in consumer deposits	394 572	428	395 000	503 812	108 812	466 654
Payments						
Repayment of borrowing	(10 081 955)	(2 217 021)	(12 298 976)	(9 657 171)	2 641 805	(7 879 514)
NET CASH FROM FINANCING ACTIVITIES	30 312 617	(2 586 458)	27 726 159	30 476 776	2 750 617	7 237 140
NET INCREASE/ (DECREASE) IN CASH HELD	(2 909 655)	(6 453 363)	(9 363 018)	31 122 578	40 485 596	1 942 467
Cash/cash equivalents at the year begin:	126 446 973	17 141 291	143 588 264	143 588 264	-	141 645 797
Cash/cash equivalents at the year end:	123 537 318	10 687 928	134 225 246	174 710 842	40 485 596	143 588 264

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

OPERATING DEPARTMENTAL REVENUE AND EXPENDITURE FOR THE YEAR END 30 JUNE 2023

	OPERATING REVENUE				OPERATING EXPENDITURE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL OUTCOME	BUDGET VARIANCE	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL OUTCOME	BUDGET VARIANCE
	R	R	R	%	R	R	R	%
Vote 1 - Municipal Manager	57 657 000	58 043 951	41 401 904	-29%	32 593 480	33 722 260	32 843 164	-3%
Mayor and Council	-	-	-	0%	10 602 000	11 492 800	11 344 577	-1%
Municipal Manager	57 657 000	57 600 000	40 987 407	-29%	15 608 900	15 510 800	15 380 279	-1%
Economic Development/Planning	-	443 951	414 497	-7%	4 882 300	5 558 260	4 913 809	-12%
Internal Audit	-	-	-	0%	1 500 280	1 160 400	1 204 498	4%
Vote 2 - Finance	109 990 236	116 398 761	124 772 037	7%	46 097 500	43 535 988	39 806 242	-9%
Finance	109 985 236	116 348 761	124 706 124	7%	32 550 500	30 462 988	27 533 958	-10%
Budget and Treasury Office	-	-	-	0%	2 432 000	2 462 000	2 464 307	0%
Supply Chain Management	5 000	50 000	65 913	32%	8 684 000	8 525 000	8 030 909	-6%
Director Finance Services	-	-	-	0%	2 431 000	2 086 000	1 777 068	-15%
Vote 3 - Corporate Services	3 128 000	3 093 000	6 544 371	112%	38 156 451	37 161 900	32 858 709	-12%
Planning and Development	225 000	190 000	235 798	24%	5 797 151	5 796 000	5 614 268	-3%
Human Resources	2 900 000	2 900 000	6 305 175	117%	16 075 000	16 216 000	13 804 024	-15%
Information Technology	-	-	-	0%	4 613 300	4 971 000	5 017 034	1%
Administrative and Corporate Support	3 000	3 000	3 398	13%	9 423 000	7 901 700	6 267 771	-21%
Director Corporate Services	-	-	-	0%	2 248 000	2 277 200	2 155 612	-5%
Vote 4 - Technical Services	258 169 600	252 208 399	249 594 489	-1%	289 667 350	295 373 039	278 600 297	-6%
Building Control	1 551 000	2 101 000	2 340 792	11%	2 888 500	2 605 370	2 524 591	-3%
Project Management Unit	2 785 564	2 881 698	2 881 700	0%	3 842 850	4 301 480	4 387 230	2%
Property Services	2 595 000	4 695 000	951 607	-80%	7 444 900	7 865 975	7 545 466	-4%
Director Technical Services	-	-	-	0%	2 139 000	1 609 000	1 483 898	-8%
Solid Waste Removal	32 837 000	32 871 665	39 807 619	21%	45 579 100	47 977 549	47 400 977	-1%
Street Cleaning	-	-	-	0%	4 971 650	4 901 000	4 597 535	-6%
Sewerage	17 786 000	17 936 000	21 717 537	21%	12 352 600	12 014 441	10 077 844	-16%
Waste Water Treatment	-	-	-	0%	2 064 000	2 489 000	2 035 470	-18%
Storm Water Management	-	-	-	0%	802 600	822 964	1 047 116	27%
Water Distribution	38 004 036	39 923 036	42 812 196	7%	21 713 250	27 482 981	24 647 370	-10%
Water Treatment	-	-	-	0%	1 795 500	1 924 000	1 994 714	4%
Roads	1 858 000	1 877 000	1 802 750	-4%	33 734 200	33 814 744	32 971 853	-2%
Electricity	160 753 000	149 923 000	137 280 289	-8%	149 039 550	146 156 535	136 558 281	-7%
Street Lighting	-	-	-	0%	1 299 650	1 408 000	1 327 952	-6%

BERGRIVIER LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

OPERATING DEPARTMENTAL REVENUE AND EXPENDITURE FOR THE YEAR END 30 JUNE 2023

	OPERATING REVENUE				OPERATING EXPENDITURE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL OUTCOME	BUDGET VARIANCE	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL OUTCOME	BUDGET VARIANCE
	R	R	R	%	R	R	R	%
Vote 5 - Community Services	43 202 000	41 732 389	43 272 314	4%	81 554 656	80 571 557	76 227 575	-5%
Director Community Services	-	-	-	0%	3 210 000	3 950 954	3 796 388	-4%
Libraries and Archives	8 074 000	8 426 885	8 452 769	0%	8 616 000	8 956 285	8 215 127	-8%
Community Halls and Facilities	183 000	233 000	299 904	29%	4 020 800	3 760 522	3 623 143	-4%
Cemetaries	600 000	550 000	513 696	-7%	1 235 700	1 001 448	930 195	-7%
Housing Core	22 000	-	-	0%	1 912 000	1 923 197	1 857 854	-3%
Housing Non-Core	1 650 000	-	40 413	0%	1 745 000	41 000	37 755	-8%
Traffic Control	21 262 000	22 512 635	23 064 602	2%	33 317 042	36 051 680	35 849 553	-1%
Fire Fighting and Protection	5 000	5 000	5 794	16%	3 535 150	2 866 594	2 694 368	-6%
Community Parks	186 000	100 000	115 261	15%	10 038 914	8 498 919	7 757 822	-9%
Sports Grounds and Stadiums	-	-	172 682	0%	4 087 750	4 087 836	3 432 216	-16%
Swimming Pools	12 000	20 000	18 816	-6%	1 173 000	1 109 938	958 652	-14%
Holiday Resorts	5 420 000	5 193 869	5 717 248	10%	6 868 300	6 760 271	5 768 374	-15%
Road and Traffic Regulation	5 788 000	4 691 000	4 871 128	4%	1 795 000	1 562 913	1 306 128	-16%
TOTAL	472 146 836	471 476 500	465 585 116	-1%	488 069 437	490 364 744	460 335 987	-6%