

2021



# Annual Financial Statements

30 June 2021



31/08/2021

WC022 – WITZENBERG MUNICIPALITY



**AUDITED** - Trim ref 05/03/1



AUDITOR - GENERAL  
SOUTH AFRICA

Johan Jansen van Rensburg - 11 February 2022

# WITZENBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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# WITZENBERG MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Witzenberg Municipality is a local municipality performing the functions as set out in Part B of Schedules 4 & 5 of the Constitution of the Republic of South Africa. (Act No. 108 of 1996)

#### COUNTRY OF ORIGIN AND LEGAL FORM

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

#### JURISDICTION

The Witzenberg Municipality includes the following areas:

*Ceres*

*Op-die-Berg*

*Prince Alfred's Hamlet*

*Tulbagh*

*Wolseley*

#### MUNICIPAL MANAGER

*D Nasson*

#### CHIEF FINANCIAL OFFICER

*HJ Kritzinger*

#### REGISTERED OFFICE

*50 Voortrekker Street, Ceres, 6835*

#### AUDITORS

*Auditor-General South Africa*

#### PRINCIPAL BANKERS

*ABSA Bank*

*Standard Bank, Ceres*

*First National Bank*

#### RELEVANT LEGISLATION

The Constitution of the Republic of South Africa  
Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act (Act no 89 of 1991)  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Systems Amendment Act (Act no 7 of 2011)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004), as amended  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Municipal Regulations on Standard Chart of Accounts  
Municipal Budget and Reporting Regulations  
SALBC Leave Regulations  
Remuneration of Public Office Bearers Act  
Workman's Compensation Act

# WITZENBERG MUNICIPALITY

## COUNCILLORS OF THE WITZENBERG MUNICIPALITY

Position	Surname	Party	Seat type
Executive Mayor	Klaasen, BC	DA	PR
Deputy Executive Mayor	Adams, K	DA	Ward 6
Speaker	Godden, TT	COPE	PR
Member of Mayoral Committee	Sidego, EM	DA	Ward 11
Member of Mayoral Committee	Alderman Smit, HJ	DA	Ward 5
Member of Mayoral Committee	Visagie, JJ	DA	Ward 4
Member of Mayoral Committee	Abrahams, T	DA	PR
Ordinary Councillor	Kinnear, D	DA	PR
Ordinary Councillor	Laban, G	WA	PR
Ordinary Councillor	Alderman Schuurman, J W	ANC	PR
Ordinary Councillor	Phungula, JT	ANC	PR
Ordinary Councillor	Jacobs, DM	EFF	PR
Ordinary Councillor	Herandien, P	ICOSA	PR
Ordinary Councillor	Simpson, RJ	ANC	PR
Ordinary Councillor	Mzauziwa, Z	DA	PR
Ordinary Councillor	Phatsoane, N	ANC	Ward 1
Ordinary Councillor	Lottering, C	DA	Ward 2
Ordinary Councillor	Swart, D	DA	Ward 3
Ordinary Councillor	Daniels, P	DA	Ward 7
Ordinary Councillor	Visagie, H	ANC	Ward 8
Ordinary Councillor	MJ Ndaba	ANC	Ward 9
Ordinary Councillor	Mgoboza, TP	ANC	Ward 10
Ordinary Councillor	Mdala, M	ANC	Ward 12

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in the notes of these annual financial statements, are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
D. NASSON  
Accounting Officer

  
Date

**WITZENBERG MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

	Notes	2021 R	Restated 2020 R
<b>ASSETS</b>			
<b>Current Assets</b>			
		<b>217 175 290</b>	<b>229 357 559</b>
Cash and Cash Equivalents	2	115 305 213	130 394 398
Trade and other Receivables from Exchange Transactions	3	71 504 141	66 383 889
Receivables from non-exchange transactions	4	11 026 109	12 649 904
Inventory	5	9 963 092	11 601 511
Unpaid Conditional Government Grants and Receipts	6	2 172 368	3 638 977
Statutory Receivables: VAT	7	7 204 367	4 688 880
<b>Non-Current Assets</b>			
		<b>1 028 192 919</b>	<b>944 425 351</b>
Property, Plant and Equipment	8	982 159 084	897 723 531
Intangible Assets	9	1 260 288	1 647 247
Investment Property	10	44 223 547	44 504 573
Heritage assets	11	550 000	550 000
<b>Total Assets</b>		<b>1 245 368 209</b>	<b>1 173 782 910</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
		<b>125 749 321</b>	<b>143 199 791</b>
Trade and Other Payables Exchange Transactions	12	58 574 828	53 747 398
Consumer Deposits	13	9 079 732	8 310 276
Current Employee benefits	14	27 825 286	26 673 944
Unspent Conditional Government Grants and Receipts	6	24 703 606	48 496 815
Unspent Public Contributions	15	3 979 250	4 003 573
Current Portion of Borrowings	16	1 586 619	1 967 785
<b>Non-Current Liabilities</b>			
		<b>175 032 060</b>	<b>115 137 713</b>
Borrowings	16	1 188 302	2 619 817
Non-Current Provisions	17	102 375 838	50 889 138
Employee benefits	18	71 467 920	61 628 758
<b>Total Liabilities</b>		<b>300 781 381</b>	<b>258 337 504</b>
<b>Net Assets</b>			
		<b>944 586 828</b>	<b>915 445 406</b>
Capital Replacement Reserve	19	10 442 209	10 617 534
Accumulated Surplus		934 144 619	904 827 872
<b>Total Net Assets and Liabilities</b>		<b>1 245 368 209</b>	<b>1 173 782 910</b>

WITZENBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020/2021 (Actual) R	2019/2020 (Restated) R	2019/2020 Correction of error R	2019/2020 (Previously reported) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>					
<b>Taxation Revenue</b>		<b>81 202 719</b>	<b>75 610 819</b>	-	<b>75 610 819</b>
Property rates	20	80 775 118	73 593 785	-	73 593 785
Property Rates - penalties imposed and collection charges		427 601	2 017 034	-	2 017 034
<b>Transfer Revenue</b>		<b>200 717 770</b>	<b>172 717 628</b>	<b>4 733 666</b>	<b>167 983 962</b>
Fines, Penalties and Forfeits		11 593 392	22 148 587	2 494 500	19 654 087
Licences or Permits		1 065 472	1 042 183	-	1 042 183
Surcharges and Taxes		4 047 146	2 299 997	15 430	2 284 567
Government Grants and Subsidies - Capital	21	52 101 858	15 568 796	2 126 536	13 442 260
Government Grants and Subsidies - Operating	21	131 051 159	131 111 319	97 200	131 014 119
Public Contributions and Donations		858 743	546 746	-	546 746
<b>Revenue from Exchange Transactions</b>		<b>394 402 776</b>	<b>383 255 731</b>	<b>6 672 722</b>	<b>376 583 009</b>
Service Charges	22	376 201 066	352 555 694	6 379 949	346 175 745
Rental from Fixed Assets		1 606 130	3 877 756	(27 297)	3 905 053
Interest earned - External investments		3 078 053	7 445 685	-	7 445 685
Interest Income on Overdue Accounts		5 141 944	8 498 061	-	8 498 061
Agency Services	23	4 353 776	3 477 358	-	3 477 358
Operational Revenue	24	410 884	2 130 516	324 070	1 806 446
Sales of Goods and Rendering of services	25	3 610 923	5 270 661	(4 000)	5 274 661
<b>Total Revenue</b>		<b>676 323 265</b>	<b>631 584 178</b>	<b>11 406 388</b>	<b>620 177 790</b>
<b>EXPENDITURE</b>					
Employee related costs	26	191 681 705	185 323 268	265 158	185 058 110
Remuneration of Councillors	27	10 583 028	10 604 088	-	10 604 088
Impairment	28	34 865 297	50 522 366	1 101 950	49 420 416
Inventory Consumed		12 584 154	14 298 919	104 907	14 194 012
Depreciation and Amortisation	29	32 581 220	33 870 503	1 138 245	32 732 258
Finance Charges	30	10 016 942	14 621 685	2 126	14 619 559
Bulk Purchases	31	239 632 251	221 831 359	9 340	221 822 019
Contracted Services	32	51 747 585	44 653 454	624 335	44 029 119
Transfers and Subsidies: Operational Expenditure	33	6 534 267	1 494 563	-	1 494 563
Construction Cost		-	23 982 171	-	23 982 171
Operational Cost	34	34 632 352	33 219 123	144 281	33 074 842
Rent on Land		37 976	35 492	-	35 492
Operating Leases	35	895 211	797 612	-	797 612
Bad Debts Written Off		17 560 944	14 187 058	-	14 187 058
<b>Total Expenditure</b>		<b>643 352 932</b>	<b>649 441 661</b>	<b>3 390 342</b>	<b>646 051 319</b>
Gain / (loss) on disposal of assets		(66 047)	(497 290)	(23 120)	(474 170)
(Impairment loss) / Reversal of impairment loss	36	(649 494)	-	-	-
Gain / (loss) on Adjustment of Provision		2 204 355	37 138 937	3 243	37 135 694
Inventories: (Write-down) / Reversal of write-down		-	52	-	52
Gain / (loss) on Actuarial Valuations	18	(5 317 725)	8 557 961	-	8 557 961
<b>NET SURPLUS / (LOSS) FOR THE YEAR</b>		<b>29 141 422</b>	<b>27 342 177</b>	<b>7 996 169</b>	<b>19 346 008</b>

WITZENBERG MUNICIPALITY

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

	Notes	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
		R	R	R
<b>Balance at 1 JULY 2019</b>		<b>10 354 788</b>	<b>877 240 797</b>	<b>887 595 585</b>
Correction of error	37.13	-	507 644	507 644
<b>Restated Balance at 1 JULY 2019</b>		<b>10 354 788</b>	<b>877 748 441</b>	<b>888 103 229</b>
Transfers to/from Accumulated		21 437 497	(21 437 497)	-
Property, Plant and Equipment purchased		(21 174 751)	21 174 751	-
Restated Net Surplus for the year		-	27 342 177	27 342 177
<b>Balance at 30 JUNE 2020</b>		<b>10 617 534</b>	<b>904 827 872</b>	<b>915 445 406</b>
Transfers to/from Accumulated		14 000 000	(14 000 000)	-
Property, Plant and Equipment purchased		(14 175 325)	14 175 325	-
Net Surplus for the year		-	29 141 422	29 141 422
<b>Balance at 30 JUNE 2021</b>		<b>10 442 209</b>	<b>934 144 619</b>	<b>944 586 828</b>

**WITZENBERG MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2020/2021 R	Restated 2019/2020 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates and other Taxes	39	82,812,107	70,589,991
Sales of goods and services		345,212,302	324,534,956
Government Grants		161,660,837	188,380,618
Interest		8,647,598	17,960,780
<b>Payments</b>			
Employee costs		(192,229,109)	(180,669,411)
Suppliers		(354,366,525)	(349,364,920)
Finance charges	30	(226,499)	(468,878)
<b>Cash generated by operations</b>		<b>51,510,711</b>	<b>70,963,136</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	8	(66,943,531)	(34,508,178)
Purchase of Intangible Assets	9	-	(15,716)
Proceeds on Disposal of Property, Plant and Equipment		905,050	27,616
<b>Net Cash from Investing Activities</b>		<b>(66,038,481)</b>	<b>(34,496,277)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(1,330,872)	(1,198,667)
Increase in Consumer Deposits		769,456	854,521
<b>Net Cash from Financing Activities</b>		<b>(561,416)</b>	<b>(344,146)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(15,089,185)</b>	<b>36,122,713</b>
Cash and Cash Equivalents at the beginning of the year		130,394,398	94,271,685
Cash and Cash Equivalents at the end of the year	2	115,305,213	130,394,398
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(15,089,185)</b>	<b>36,122,713</b>



**WITZENBERG MUNICIPALITY**

**REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Community and public safety</b>	<b>Economic and environmental services</b>	<b>Trading Services</b>	<b>Reconciling Items</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Segment Revenue</b>					
External revenue from non-exchange transactions	149 544 056	15 927 645	28 844 183	87 177 003	281 492 886
External revenue from exchange transactions	2 697 417	5 920 847	376 367 249	1 197 265	386 182 779
Interest revenue	40 377	-	5 072 756	3 534 465	8 647 598
Revenue from transactions with other segments	40 574	-	20 412 344	-	20 452 918
<b>Total Revenue</b>	<b>152 322 424</b>	<b>21 848 492</b>	<b>430 696 532</b>	<b>91 908 733</b>	<b>696 776 181</b>
<b>Segment Expenditure</b>					
Employee related costs	64 340 084	20 708 159	53 652 682	52 980 783	191 681 708
Remuneration of Councillors	-	-	-	10 550 105	10 550 105
Bulk Purchases	4 200	-	239 628 051	-	239 632 251
Depreciation and Amortisation	3 863 720	6 220 333	18 233 566	4 263 601	32 581 220
Impairment and Bad debt	12 943 400	-	38 013 902	1 468 939	52 426 241
Other Expenditure	11 648 095	12 878 199	42 484 149	49 470 966	116 481 408
Internal charges	7 205 037	109 917	10 565 568	2 572 396	20 452 918
<b>Total Expenditure</b>	<b>100 004 535</b>	<b>39 916 608</b>	<b>402 577 918</b>	<b>121 306 790</b>	<b>663 805 852</b>
Gains & Losses	-1 364 223	-	2 138 308	-4 602 996	-3 828 910
<b>Surplus/deficit for the year</b>	<b>50 953 666</b>	<b>(18 068 115)</b>	<b>30 256 922</b>	<b>(34 001 054)</b>	<b>29 141 419</b>

**REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2020**

	<b>Community and public safety</b>	<b>Economic and environmental services</b>	<b>Trading Services</b>	<b>Reconciling Items</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Segment Revenue</b>					
External revenue from non-exchange transactions	157 130 233	4 522 673	6 921 843	77 736 664	246 311 412
External revenue from exchange transactions	7 113 582	4 540 196	352 716 012	2 942 194	367 311 984
Interest revenue	74 063	-	8 353 583	9 533 133	17 960 780
Revenue from transactions with other segments	44 095	-	18 863 132	-	18 907 227
<b>Total Revenue</b>	<b>164 361 973</b>	<b>9 062 868</b>	<b>386 854 570</b>	<b>90 211 991</b>	<b>650 491 402</b>
<b>Segment Expenditure</b>					
Employee related costs	61 215 199	19 470 068	51 382 306	53 255 693	185 323 266
Remuneration of Councillors	-	-	-	10 604 088	10 604 088
Bulk Purchases	11 260	-	221 820 099	-	221 831 359
Depreciation and Amortisation	5 394 993	6 094 550	18 703 380	3 677 580	33 870 503
Impairment and Bad debt	23 242 220	-	36 919 075	4 548 130	64 709 424
Other Expenditure	35 627 414	14 050 586	37 801 071	45 623 947	133 103 018
Internal charges	6 197 180	103 568	10 200 051	2 406 429	18 907 227
<b>Total Expenditure</b>	<b>131 688 267</b>	<b>39 718 772</b>	<b>376 825 981</b>	<b>120 115 866</b>	<b>668 348 885</b>
Gains & Losses	-	-	37 138 939	8 060 724	45 199 662
<b>Surplus/deficit for the year</b>	<b>32 673 706</b>	<b>(30 655 903)</b>	<b>47 167 528</b>	<b>(21 843 151)</b>	<b>27 342 179</b>

For management purposes, the municipality is organised and operates in four key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

The three key business units comprise of:

- Community and public safety which includes community and social services, sport and recreation, public safety and housing services;
- Economic and environmental services which includes planning and development, road transport and environmental protection services;
- Trading services which includes energy sources, water management, waste water management and waste management services;
- Reconciling items which includes executive and council, finance and administration and internal audit;

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does not monitor financial performance geographically and does not at present have reliable separate financial information.

WITZENBERG MUNICIPALITY

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

	Actual 2020/2021 R	Approved budget 2020/2021 R	Adjustments 2020/2021 R	Final budget 2020/2021 R	Difference between final budget and actual	Actual 2019/2020 R
<b>ASSETS</b>						
<b>Current Assets</b>	<b>217 175 290</b>	<b>141 830 688</b>	<b>48 268 007</b>	<b>190 098 695</b>	<b>14%</b>	<b>229 357 558</b>
Cash	115 305 213	64 561 708	10 710 045	75 271 754	53%	130 394 398
Call investment deposits	-	-	-	-	-	-
Consumer debtors	82 530 250	39 362 881	58 117 769	97 480 650	-15%	79 033 792
Other debtors	9 376 735	26 213 480	(23 167 949)	3 045 531	208%	8 327 857
Current portion of long-term receivables	-	-	-	-	-	-
Inventory	9 963 092	11 692 619	2 608 142	14 300 761	-30%	11 601 511
<b>Non-Current Assets</b>	<b>1 028 192 919</b>	<b>1 013 409 971</b>	<b>(28 433 416)</b>	<b>984 976 555</b>	<b>4%</b>	<b>944 425 351</b>
Investments	-	-	-	-	-	-
Investment Property	44 223 547	44 491 786	(727 253)	43 764 533	1%	44 504 573
Property, Plant and Equipment	982 159 084	966 338 768	(27 252 670)	939 086 098	5%	897 723 531
Intangible Assets	1 260 288	2 029 417	(453 493)	1 575 924	-20%	1 647 247
Other non-current assets	550 000	550 000	-	550 000	0%	550 000
<b>Total Assets</b>	<b>1 245 368 209</b>	<b>1 155 240 659</b>	<b>19 834 591</b>	<b>1 175 075 250</b>	<b>6%</b>	<b>1 173 782 909</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>	<b>125 749 321</b>	<b>101 744 449</b>	<b>77 795 843</b>	<b>179 540 292</b>	<b>-30%</b>	<b>143 199 791</b>
Borrowings	1 586 619	-	-	-	-	1 967 785
Consumer Deposits	9 079 732	7 149 736	(7 149 736)	-	-	8 310 276
Trade and Other Payable Exchange Transactions	87 257 684	60 983 075	63 788 090	124 771 165	-30%	106 247 786
Provisions	27 825 286	33 611 638	21 157 489	54 769 127	-49%	26 673 944
<b>Non-Current Liabilities</b>	<b>175 032 060</b>	<b>164 508 775</b>	<b>(46 358 623)</b>	<b>118 150 152</b>	<b>48%</b>	<b>115 137 713</b>
Borrowings	1 188 302	6 222 409	(3 434 807)	2 787 602	-57%	2 619 817
Provisions	173 843 758	158 286 366	(42 923 816)	115 362 550	51%	112 517 896
<b>Total Liabilities</b>	<b>300 781 381</b>	<b>266 253 224</b>	<b>31 437 219</b>	<b>297 690 444</b>	<b>1%</b>	<b>258 337 504</b>
<b>Net Assets</b>	<b>944 586 828</b>	<b>888 987 435</b>	<b>(11 602 629)</b>	<b>877 384 806</b>	<b>8%</b>	<b>915 445 406</b>
Accumulated Surplus	934 144 619	878 632 647	(11 865 375)	866 767 272	8%	904 827 872
Reserve	10 442 209	10 354 788	262 746	10 617 534	-2%	10 617 534
<b>Total Net Assets and Liabilities</b>	<b>1 245 368 209</b>	<b>1 155 240 659</b>	<b>19 834 591</b>	<b>1 175 075 250</b>	<b>6%</b>	<b>1 173 782 910</b>



**WITZENBERG MUNICIPALITY**

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

	<b>Actual 2020/2021 R</b>	<b>Approved budget 2020/2021 R</b>	<b>Adjustments 2020/2021 R</b>	<b>Final budget 2020/2021 R</b>	<b>Difference between final budget and actual</b>	<b>Actual 2019/2020 R</b>
<b>Operating Revenue</b>						
Property rates	80 775 118	76 528 820	-	76 528 820	6%	73 593 785
Fines, Penalties and Forfeits	11 593 392	20 456 444	-	20 456 444	-43%	22 148 587
Licences or Permits	1 065 472	2 010 303	-	2 010 303	-47%	1 042 183
Government Grants and Subsidies - Operating	131 051 159	116 989 000	23 611 180	140 600 180	-7%	131 111 319
Service charges - electricity revenue	274 183 949	266 972 868	5 000 000	271 972 868	1%	255 094 538
Service charges - water revenue	43 132 314	35 137 192	-	35 137 192	23%	39 419 086
Service charges - sanitation revenue	30 920 148	18 351 575	7 000 000	25 351 575	22%	32 329 154
Service charges - refuse revenue	27 964 656	21 270 807	1 000 000	22 270 807	26%	25 712 916
Rental from Fixed Assets	1 606 130	2 662 619	(1 500 000)	1 162 619	38%	3 877 756
Interest earned - External investments	3 078 053	9 111 414	(5 771 239)	3 340 175	-8%	7 445 685
Interest earned - outstanding debtors	5 569 545	8 303 781	-	5 075 020	10%	10 515 095
Agency Services	4 353 776	3 853 713	-	3 853 713	13%	3 477 358
Other revenue	11 132 051	9 077 601	-	8 675 727	28%	47 386 857
<b>Total revenue</b>	<b>626 425 762</b>	<b>590 726 137</b>	<b>29 339 941</b>	<b>616 435 443</b>	<b>2%</b>	<b>653 154 319</b>
<b>Operating Expenditure by Nature</b>						
Employee related costs	191 681 705	219 289 869	(9 783 000)	209 506 869	9%	185 323 268
Remuneration of Councillors	10 583 028	12 170 893	-	12 170 893	13%	10 604 088
Impairment	34 865 297	44 688 248	10 000 000	54 688 248	36%	50 522 366
Inventory Consumed	12 584 154	19 527 804	(1 873 899)	17 653 905	29%	14 298 919
Depreciation and Amortisation	32 581 220	40 687 601	(5 000 000)	35 687 601	9%	33 870 503
Finance Charges	10 016 942	17 418 040	-	17 418 040	42%	14 621 685
Bulk Purchases	239 632 251	232 760 440	4 600 000	237 360 440	-1%	221 831 359
Contracted Services	51 747 585	48 485 901	11 236 986	59 722 887	13%	44 653 454
Transfers and Subsidies: Operational Expenditure	6 534 267	2 178 559	5 590 067	7 768 626	16%	1 494 563
Other Expenditure	59 093 702	45 284 125	5 550 305	50 834 430	-16%	63 663 443
Loss on disposal of PPE	66 047	-	-	-	-	497 290
<b>Total expenditure</b>	<b>649 386 198</b>	<b>682 491 480</b>	<b>20 320 459</b>	<b>702 811 939</b>	<b>8%</b>	<b>641 380 938</b>
<b>Netto Surplus/(deficit) for the period</b>	<b>(26 789 347)</b>	<b>(91 763 957)</b>	<b>9 019 482</b>	<b>(86 375 110)</b>	<b>-69%</b>	<b>56 973 041</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	52 101 858	78 657 237	(13 761 158)	64 896 079	20%	15 568 796
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	58 936	-	560 392	100%	-
<b>Surplus/ (Deficit) for the year</b>	<b>29 141 422</b>	<b>(13 049 170)</b>	<b>(7 870 855)</b>	<b>(20 920 025)</b>	<b>239%</b>	<b>27 342 177</b>
<b>Operating expenditure by vote</b>						
Budget and Treasury Office	37 898 882	52 892 137	887 336	53 779 473	30%	38 346 626
Civil services	150 182 242	144 894 011	5 373 010	150 267 021	0%	149 209 808
Community and social services	26 066 330	34 597 525	(769 566)	33 827 959	23%	26 530 454
Corporate Services	58 108 824	68 520 891	1 714 078	70 234 969	17%	55 831 653
Electro Technical Services	268 038 440	265 464 319	9 170 291	274 634 610	2%	243 725 853
Executive and Council	22 788 184	28 966 420	149 266	29 115 686	22%	22 832 610
Housing	4 469 385	5 807 352	5 798 898	11 606 250	61%	28 296 671
Planning	7 042 671	8 486 803	(1 220 631)	7 266 172	3%	6 540 160
Public Safety	42 082 504	42 277 074	(1 793 796)	40 483 278	-4%	51 561 314
Sport and recreation	27 176 839	30 585 444	931 573	31 517 017	14%	26 566 508
<b>Total operating expenditure by vote</b>	<b>643 854 301</b>	<b>682 491 976</b>	<b>20 240 459</b>	<b>702 732 435</b>	<b>8%</b>	<b>649 441 657</b>



**WITZENBERG MUNICIPALITY**

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

	<b>Actual 2020/2021 R</b>	<b>Approved budget 2020/2021 R</b>	<b>Adjustments 2020/2021 R</b>	<b>Final budget 2020/2021 R</b>	<b>Difference between final budget and actual</b>	<b>Actual 2019/2020 R</b>
<b>Capital expenditure by vote</b>						
Budget and Treasury Office	164 892	-	195 082	195 082	15%	205 910
Civil services	46 066 093	82 474 869	(20 597 102)	61 877 767	26%	17 803 294
Community and social services	3 546 530	580 000	3 240 471	3 820 471	7%	433 508
Corporate Services	2 998 074	800 000	3 527 303	4 327 303	31%	2 351 597
Electro Technical Services	4 054 458	2 500 000	1 992 961	4 492 961	10%	7 739 926
Executive and Council	850 322	600 000	298 826	898 826	5%	1 017 309
Housing	-	-	-	-	-	-
Planning	-	-	-	-	-	19 010
Public Safety	1 481 460	-	3 782 455	3 782 455	61%	246 308
Sport and recreation	7 781 702	939 565	6 508 522	7 448 087	-4%	4 651 424
<b>Total capital expenditure</b>	<b>66 943 531</b>	<b>87 894 434</b>	<b>(1 051 482)</b>	<b>86 842 952</b>	<b>23%</b>	<b>34 468 286</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates	82 812 107	72 568 933	(6 874 952)	65 693 982	26%	70 589 991
Service charges	322 571 725	335 324 735	32 258 329	367 583 064	-12%	286 587 895
Other Revenue	22 640 577	21 678 865	(1 439 648)	20 239 217	12%	37 947 061
Government - operating	161 660 837	116 989 000	23 255 568	140 244 568	15%	188 380 618
Government - capital	-	78 716 173	(8 386 065)	70 330 108	-100%	-
Interest	8 647 598	11 608 357	(6 739 867)	4 868 489	78%	17 960 780
Dividends	-	-	-	-	-	-
<b>Payments</b>						
Suppliers and employees	(540 061 367)	(573 947 248)	(60 783 541)	(634 730 789)	15%	(528 539 768)
Finance charges	(226 499)	(1 706 226)	(0)	(1 706 226)	87%	(468 878)
Transfers and Grants	(6 534 267)	(2 178 559)	(5 931 000)	(8 109 559)	19%	(1 494 563)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>51 510 712</b>	<b>59 054 030</b>	<b>(34 641 175)</b>	<b>24 412 855</b>	<b>-111%</b>	<b>70 963 136</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE	905 050	-	-	-	-	27 616
Decrease (Increase) in non-current debtors	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-
<b>Payments</b>						
Capital assets	(66 943 531)	(88 763 999)	19 004 028	(69 759 971)	4%	(34 523 894)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(66 038 481)</b>	<b>(88 763 999)</b>	<b>19 004 028</b>	<b>(69 759 971)</b>	<b>5%</b>	<b>(34 496 277)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Short term loans	-	-	-	-	-	-
Borrowing long term/refinancing	0	-	-	-	-	-
Increase (decrease) in consumer deposits	769 456	-	-	-	-	854 521
<b>Payments</b>						
Repayment of borrowing	(1 330 872)	1 518 058	(3 318 058)	(1 800 000)	-	(1 198 667)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(561 416)</b>	<b>1 518 058</b>	<b>(3 318 058)</b>	<b>(1 800 000)</b>	<b>-</b>	<b>(344 146)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(15 089 185)</b>	<b>(28 191 911)</b>	<b>(18 955 205)</b>	<b>(47 147 116)</b>	<b>-106%</b>	<b>36 122 713</b>
Cash/cash equivalents at the year begin:	<b>130 394 398</b>	<b>73 319 439</b>	<b>57 074 959</b>	<b>130 394 398</b>	<b>0%</b>	<b>94 271 685</b>
Cash/cash equivalents at the year end:	<b>115 305 213</b>	<b>45 127 528</b>	<b>38 119 754</b>	<b>83 247 282</b>	<b>-39%</b>	<b>130 394 398</b>



**WITZENBERG MUNICIPALITY**

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

<b>Reconciliation of budget deficit with the surplus in the statement of financial performance</b>		<b>2020/2021</b>
Net surplus per the statement of financial performance		29 141 422
Adjusted for:		
Property rates	Increase due to interim valuations	(4 246 298)
Fines, Penalties and Forfeits	Decrease due to the withdrawal of the contractor	8 863 052
Government Grants and Subsidies - Capital	Expenditure not incurred for all grant funding received, due to Covid 19 Restrictions.	13 354 613
Government Grants and Subsidies - Operating	Expenditure not incurred for all grant funding received, due to Covid 19 Restrictions.	9 549 021
Service Charges	Increase in demand for municipal services.	(21 468 624)
Employee related costs	Over estimated the impact of adjustment of retirement age of female employees.	(17 825 164)
Inventory Consumed	Decrease in maintenance required due to Lockdown restrictions	(5 069 751)
Operational Cost	Decrease in travelling and other expenditure	(9 243 855)
Depreciation and Amortisation	Depreciation less than expected due to slow capital spending	(3 106 381)
Finance Charges	Adjustment in Provisions	(7 401 098)
Bulk Purchases	Bulk purchases more than expected.	2 271 811
Contracted Services	Contracted Services less than budget, due to Covid 19 Restrictions.	(7 975 302)
Transfers and Subsidies: Operational Expenditure	Expenditure not incurred for all grant funding received.	(1 234 359)
Construction Cost	Allocation received in April - Top structures to be buildt in 2021/22	(5 861 000)
Gain / (loss) on Adjustment of Provision	Unforseen adjustment in Provision	(2 203 465)
Gain / (loss) on Actuarial Valuations	Unforseen adjustment in Provision	5 317 949
Other Items		(3 782 596)
Net deficit per approved budget		<u><u>(20 920 025)</u></u>

**Explanation of Material Cash Flow Variances**

Property Rates and other Taxes	26%	Implementation of new general valuation resulting in increased revenue
Service charges	-12%	The cutting of electricity was not possible in the first three quarters due to Covid 19 restrictions.
Interest	78%	Budget for cash from interest to conservative
Suppliers and employees	15%	Variance is mainly a result of underspending on Contracted Services & Bulk Purchases
Transfers and Grants	0%	Housing Top structure expenditure was slower than expected

The budget is approved on an accrual basis by vote classification as required by the Municipal Finance Management Act. The basis used for this comparison is by nature classification as required by General Recognised Accounting Practices. The approved budget covers the same period as the financial statements, from 1 July to 30 June.

The budget and accounting bases are the same; both are on the accrual basis. The financial statements are prepared using a classification on the nature of expenses in the statement of financial performance.

The changes between the approved and final budget are a consequence of reallocations within the budget and and of other factors allowable in terms of the Municipal Finance Management Act

**Impact of Covid 19**

The Covid 19 Restriction did not impact the sale of municipal services significantly, as the economy of Witzenberg is dependant on agriculture, that is regarded as an essential service.

Debt collection was suspended in support of the fight against Covid 19, resulting in a decrease in payment for services.

The effect of Covid 19 was more on projects that could not be executed as explained in the reconciliation of budget deficit with the surplus in the statement of financial performance.



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**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS****1.1. 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 effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

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

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

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

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

**1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

**1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5. 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. In general, materiality is determined as 1% of total expenditure.

**1.6. RESERVES*****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 / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

**1.7. LEASES****1.7.1. Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

**1.7.2. Municipality as Lessor**

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

**1.8. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

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

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1.9. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

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

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

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

**1.10. PROVISIONS****1.10.1. GENERAL PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits 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. 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 (for example in the case of obligations for the rehabilitation of land).

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

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. 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 shall be reversed.

## 1.10.2. REHABILITATION OF LANDFILL SITES PROVISIONS

Provision is made in terms of the licensing stipulations of the landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have discounted to present value at prime interest rate.

## 1.11. EMPLOYEE BENEFITS

### 1.11.1. Post-Retirement Medical obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against 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 charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

### 1.11.2. Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically 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 charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.



**1.11.3. Accrued Leave Pay**

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

**1.11.4. Staff Bonuses**

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

**1.11.5. Performance bonuses**

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

**1.11.6. Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity 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 charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

**1.11.7. Ex gratia Gratuities**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**1.12. PROPERTY, PLANT AND EQUIPMENT****1.12.1. Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

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

WITZENBERG MUNICIPALITY

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

**1.12.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and 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 associated with the asset.

**1.12.3. Depreciation and Impairment**

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

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	5-100	Airports	20
Electricity	4-46	Buildings	30-100
Water	15-150	Computer equipment	3-30
Sanitation	10-75	Furniture and equipment	3-30
Other	10-15	Landfill sites	10-15
		Markets	30
		Other	3-30
<b>Community</b>			
Recreational Facilities	5-30	Other vehicles	2-67
Sport fields & Stadia	10-20	Plant and Equipment	3-32
Halls	5-100	Specialist vehicles	6-38
Libraries	10-30		
Parks and gardens	10-30		
Other assets	5-30		
Cemeteries	5-30		
<b>Finance lease assets</b>			
Office equipment	3-5		

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

**1.12.4. De-recognition**

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

**1.12.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional arrangement as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The municipality updated the Land and Buildings acquired before 30 June 2008 to the fair value as determined by an independent valuator. For Other Assets the depreciation replacement cost method was used to establish the deemed cost as on 1 July 2008.

**1.13. INTANGIBLE ASSETS**

**1.13.1. Initial Recognition**



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

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

is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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

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

the municipality intends to complete the intangible asset for use or sale;  
it is technically feasible to complete the intangible asset;  
the municipality has the resources to complete the project; and  
it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an 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 was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

#### **1.13.2. Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### **1.13.3. Amortisation and Impairment**

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

<b>Intangible Assets</b>	<b>Years</b>
Computer Software	5
Computer Software Licenses	5

#### **1.13.4. De-recognition**

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

### **1.14. INVESTMENT PROPERTY**

#### **1.14.1. Initial Recognition**

Investment property shall be recognised as an asset when and only when:

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

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

#### **1.14.2. Subsequent Measurement – Cost Model**

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

#### **1.14.3. Depreciation and Impairment**

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

<u>Investment Property</u>	<u>Years</u>
Buildings	99 - 100

#### **1.14.4. De-recognition**

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

### **1.15. HERITAGE ASSETS**

#### **1.15.1. Initial Recognition**

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset shall be recognised as an asset if, and only if:

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

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

#### **1.15.2. Subsequent Measurement**

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.

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The class of heritage assets are carried at its cost less any accumulated impairment losses.

### 1.15.3. Impairment

Where the carrying amount of an item of heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

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

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 the impairment is recognised in the Statement of Financial Performance.

### 1.15.4. De-recognition

The carrying amount of a heritage asset is derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from de-recognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

## 1.16. IMPAIRMENT OF NON-FINANCIAL ASSETS

### 1.16.1. Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

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

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

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

### 1.16.2. Non-cash-generating assets

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

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

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

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

*Depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to

reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

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.

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

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

### 1.17. COMMITMENTS

Commitments are future payments and expenditure to be incurred on contracts that have been entered into at the reporting date and where there are unperformed obligations. The commitments would include both capital and operating items.

Committed expenditure approved and contracted for at reporting date is where the expenditure has been approved and the contract has been awarded.

Committed expenditure approved but not yet contracted for at reporting date is where the expenditure has been approved but the contract has yet to be awarded or is awaiting finalisation.

### 1.18. INVENTORIES

#### 1.18.1. Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

The cost of purified water comprises cost of conversion and other cost incurred in bringing the inventory to their present location and condition.

Housing inventory is low cost houses still in process of construction or completed and not yet transferred. These houses are entirely funded by the National Department of Human Settlements, through the Western Cape Department of Human Settlements.

In terms of GRAP standards a municipality can either be regarded to be the "developer", "principal" or "agent when executing the delivery of houses.

When the municipality is acting as the "developer" or "principal" all costs are recognized as inventory up to the point of transfer to the allocated beneficiaries, where after the cost is expensed through the statement of financial performance.

When the municipality is acting as the "agent all transfers received by the Western Cape Department of Human Settlements is recorded initially as a liability in the statement of financial position. Any payments or costs pertaining to human settlement housing activities are debited against the liability.

#### 1.18.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

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

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

### 1.19. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

### 1.20. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

#### 1.20.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

#### 1.20.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

##### 1.20.2.1. Receivables

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

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the outstanding amount based on the interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

##### 1.20.2.2. Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, 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.

**1.20.2.3. Cash and Cash Equivalents**

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

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

**1.20.2.4. Non-Current Investments**

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

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

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

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

**1.20.3. De-recognition of Financial Instruments****1.20.3.1. Financial Assets**

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

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

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

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

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

**1.20.3.2. Financial Liabilities**

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

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

**1.20.4. Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously



## 1.21. REVENUE

### 1.21.1. 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.

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 proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised when issued.

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

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

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

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

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

The charging of revenue in the public sector is frequently regulated by legislation, regulation, or similar means. Due to the statutory nature of this revenue, the amount of revenue charged may be subject to a review, objection, or appeal process which may result in changes to revenue already recognised. These adjustments to revenue can result in changes in accounting estimates or errors which will be disclosed in terms of applicable GRAP standard.

### 1.21.2. Revenue from Exchange Transactions

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

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter vouchers is recognised eight days after the sale of the relevant voucher.

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

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

Interest revenue is recognised using the effective interest rate method.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable.

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

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

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

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

When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

### 1.21.3. Grants, Transfers and Donations (Non-Exchange 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 raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

## 1.22. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2<sup>nd</sup> and 3<sup>rd</sup> bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker, members of the Mayoral Committee and ordinary councillors.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

## 1.23. 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

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

Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.24. 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 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.25. 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 in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.26. CONTINGENT LIABILITIES**

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 entity. 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.

Management judgement is required when recognising and measuring contingent liabilities.

**1.27. PRESENTATION OF BUDGET INFORMATION**

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements, has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements. The budget is approved on an accrual basis by vote classification as required by the Municipal Finance Management Act. The basis used for this comparison is by nature classification as required by General Recognised Accounting Practices. The approved budget covers the same period as the financial statements, from 1 July to 30 June. NO other entities is included in the budget.

**1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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

***Post-retirement medical obligations and Long service awards***

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities 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.

***Impairment of Receivables***

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

***Provisions and contingent liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

**1.29. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.30. JOINT VENTURES**

In respect of the municipalities' interest in jointly controlled assets, the municipality includes in its accounting records and recognises in its financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with other ventures in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

### 1.31. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

### 1.32 AGENCY FEES AND PAYABLES

An agent is an entity that has been directed by 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.

The municipality is collecting motor vehicle licence fees, motor registration and drivers licence fees on behalf of the Department of Transport and Public Works. Hence the municipality receives commission on the collection of monies. The municipality acts as an agent for the Department of Transport and Public Works, without any significant judgement to be applied. There was no changes in the terms and condition of the arrangement for the reporting year.

Only the portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recognised by the municipality.

Liabilities arising from principal-agent arrangements are included as part of payables in the Statement of Financial Position.

### 1.33 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.

#### 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.

#### 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.

#### Impairment and collectability of statutory receivables

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

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

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

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.

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.

Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the outstanding amount based on the interest rate of the asset. Interest is not levied on Fines issued. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

#### 1.34 EVENTS AFTER REPORTING DATE

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

- (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.

#### 1.35 CONSTRUCTION CONTRACTS AND RECEIVABLES

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

A contractor is an entity that enters into a 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 Western Cape Department of Human Settlements. The municipality assesses the terms and conditions of each contract concluded with the Western Cape Department of Human Settlements to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, the municipality considers whether it is a contractor.

The binding arrangements entered into with the Western Cape 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.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised 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 work performed to date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as inventory until the houses are handed over when the municipality retains the risks and rewards associated with ownership of the low cost houses. On handover of the houses, the cost per house handed over is recognised as an expense in the period in which it was handed over.

The expenses are recognised in the period they are incurred when the municipality does not retain the risks and rewards associated with ownership of the low cost houses during the construction period.

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### 1.36 Standards, amendments to standard and interpretation issued but not yet effective

In the current year the municipality has adopted all new and revised standards and interpretations issued by the ASB that are relevant to its operations and are effective. The following GRAP standards have been issued, but are not yet effective during the current reporting period and the municipality did not early adopt these GRAP standards or interpretation.

GRAP 104 (Revised 2019) - Financial Instruments: The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.

GRAP 25 (Revised April 2021) - Employee Benefits: The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing Employee benefits

Management has considered all of the above mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance, budget statement or cash flow of the municipality.

### 1.37 Non-living Resources

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, are not recognised as assets in the financial statements of the Municipality. Non-Living resources are disclosed in terms of the applicable GRAP standard in the notes to the annual financial statements

### 1.38 Segment Reporting

#### Definition

A segment is an activity—

- a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- 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.

#### Identification

Segments are identified by the way in which information is reported to management for purposes of assessing performance as well as allocating resources to the various activities undertaken. Monthly management accounts and/or budget documentation usually reflect the segments reported to management.

It is prudent to note the following:

- activities performed by administrative units and functional departments which do not on its own give rise to future economic benefits or service potential, are not regarded as segments.
- post-employment benefit plans are expressly excluded from the scope of the standard of GRAP on segment reporting (i.e. GRAP 18), and thus is not regarded as a segment.

#### Measurement

The measure reported to management for the purpose of making decisions regarding the allocation of resources to a segment and assessing its performance, is the amount of each segment item reported in the financial statements. Amounts are allocated to reported segment surplus or deficit, assets or liabilities on a reasonable basis. When allocating revenue and expenses, only adjustments and eliminations included in the measures of the segment's surplus or deficit used by management, are reported for that segment. Only assets and liabilities included in the measures of the segment's assets and liabilities used by management, are reported for that segment. In cases where only one measure is used by management to assess segment performance and to allocate resources, segment surplus or deficit as well as segment assets and liabilities are reported in terms of that measure. In cases where more than one measure is used by management to assess segment performance and to allocate resources, segment surplus or deficit as well as segment assets and liabilities are reported in terms of what management believes are consistent with those used in measuring the corresponding amounts in the entity's financial statements.

Significant Judgements:

## WITZENBERG MUNICIPALITY

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

The municipality is structured in terms of core functions mandated in legislation. Information regarding progress in the performance of mandated functions, is reported to management for the purpose of evaluating segment performance and the allocation of resources to various activities in lieu of strategic objectives. Where more than one set of segments has been identified, management may report such information separately or as a matrix. In addition, management may choose to adopt a primary and secondary reporting structure with limited disclosures made about secondary segments.

The segment information has been prepared on the accrual basis of accounting in accordance with the historical cost convention, unless specified otherwise.

#### *General information - Organisation and aggregation of segments*

GRAP 18 permits the aggregation of two or more segments into a single segment where segments have similar economic characteristics and share a majority of the following:

- a) the nature of the goods and/or services delivered;
- b) the type or class of customer or consumer to which goods and services are delivered;
- c) the methods used to distribute the goods or provide the services; or
- d) the nature of the regulatory environment that applies to the segment.

In accordance with section 153 of the Constitution of South Africa, the municipality's administration, budget and planning processes are structured in order to give priority to the basic needs of the community, as well as to promote the social and economic development of the community. Management has thus decided to organise segments around the nature of goods and/or services delivered in accordance with the objects of local government as stipulated in section 152(1) of the Constitution. *General information - Goods and/or services delivered per segment* The goods and/or services delivered per segment are aligned with the local government matters listed in Schedules 4B and 5B of the Constitution. Where the number of reportable segments identified had increased to more than ten, management applied judgement regarding the practical limit of reportable segments.

The below indicates the final reportable segments-

- Community and public safety
- Economic and environmental services
- Trading Services

#### *Entity wide disclosures - Geographical information*

The geographical information relevant for decision making purposes is not included as part of the reportable segment information as the information is not reported and available in geographical format within the municipal jurisdiction.

Restatement of segment reporting figures of earlier periods There have been no changes to the structure of the internal organisation that resulted in the composition of reportable segments to change. Thus there was no need for segment reporting figures of earlier periods to be restated.

#### *Transitional provisions*

As per government gazette 41595 dated 26th April 2018, the standard of GRAP on Segment reporting became effective for municipalities from 1st April 2020. The standard of GRAP on Segment reporting has been fully complied with, apart from any transitional provisions that management may have decided to take advantage of as indicated below.

- On initial adoption of GRAP 18, comparative segment information need not be presented.
- The requirements of GRAP 18 does not apply to items that have not been recognised and/or measured in accordance with the other standards of GRAP as a result of transitional provisions under those Standards.

WITZENBERG MUNICIPALITY

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

2	CASH AND CASH EQUIVALENTS	2021 R	2020 R
	<b>Assets</b>		
	Cash at Bank (Current Account)	115 295 816	130 384 998
	Cash on Hand	9 397	9 400
	<b>Total Cash and Cash Equivalents - Assets</b>	<b>115 305 213</b>	<b>130 394 398</b>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Cash book balance at beginning of year	130 384 998	94 262 085
Cash book balance at end of year	115 295 816	130 384 998

The municipality changed it's Primary Bank Account from The Standard Bank of South Africa Limited to First National Bank South Africa on 1 March 2018. The ABSA account has not been closed at year end as some debtors still pay their service accounts into the old accounts.

**Primary Bank Account: First National Bank - Account Number 62748215979**

Bank statement balance at beginning of year	131 190 772	93 565 694
Bank statement balance at end of year	114 835 494	131 190 772

Bank statement balance at beginning of year	-	351 927
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**ABSA Bank Limited - Account Number 350000011**

Bank statement balance at beginning of year	97 212	55 423
Bank statement balance at end of year	96 864	97 212

3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	54 771 036	46 784 836
Water	104 891 890	87 667 870
Property Rental Debtors	2 404 094	2 082 126
Waste Management	60 019 370	47 877 818
Waste Water Management	59 249 898	49 735 651
Service Charges	1 301 822	1 393 881
Prepayments and Advances	2 010 368	122 455
Land Sale Debtors	1 133 310	2 038 360
<b>Total Receivables from Exchange Transactions</b>	<b>285 781 789</b>	<b>237 702 997</b>
Less: Provision for Impairment	(214 277 648)	(171 319 108)
<b>Total Net Receivables from Exchange Transactions</b>	<b>71 504 141</b>	<b>66 383 889</b>

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.



WITZENBERG MUNICIPALITY

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

3	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED	2021 R	2020 R
	Included in receivables is the following accrued income (estimated consumption from the last meter reading to 30 June):		
	Accrued Income Electricity (Including VAT)	24 936 341	19 631 243
	Accrued Income Water (Including VAT)	3 638 877	3 527 814
	<b>Ageing of Receivables from Exchange Transactions:</b>		
	<b><u>(Electricity): Ageing</u></b>		
	Accrued Income Electricity	24 936 341	19 631 243
	Current (0 - 30 days)	18 160 067	14 997 765
	31 - 60 Days	1 397 878	2 740 177
	61 - 90 Days	499 220	1 828 258
	+ 90 Days	9 777 527	7 587 392
	<b>Total</b>	<b>54 771 033</b>	<b>46 784 835</b>
	<b><u>(Water): Ageing</u></b>		
	Accrued Income Water	3 638 877	3 527 814
	Current (0 - 30 days)	4 213 842	4 441 973
	31 - 60 Days	2 153 659	2 463 367
	61 - 90 Days	2 120 413	2 171 126
	+ 90 Days	92 765 100	75 063 590
	<b>Total</b>	<b>104 891 890</b>	<b>87 667 870</b>
	<b><u>(Housing): Ageing</u></b>		
	Current (0 - 30 days)	66 321	78 578
	31 - 60 Days	49 478	81 504
	61 - 90 Days	46 764	67 498
	+ 90 Days	2 241 531	1 854 545
	<b>Total</b>	<b>2 404 094</b>	<b>2 082 126</b>
	<b><u>(Refuse): Ageing</u></b>		
	Current (0 - 30 days)	2 774 927	2 736 980
	31 - 60 Days	1 472 837	1 609 444
	61 - 90 Days	1 280 869	1 375 757
	+ 90 Days	54 490 738	42 155 637
	<b>Total</b>	<b>60 019 370</b>	<b>47 877 818</b>
	<b><u>(Sewerage): Ageing</u></b>		
	Current (0 - 30 days)	2 283 412	2 073 049
	31 - 60 Days	1 217 729	1 387 931
	61 - 90 Days	1 085 666	1 212 586
	+ 90 Days	49 371 612	37 725 143
	<b>Total</b>	<b>53 958 419</b>	<b>42 398 709</b>
	<b><u>(Service Charges): Ageing</u></b>		
	Current (0 - 30 days)	9 367	14 325
	31 - 60 Days	16 003	12 501
	61 - 90 Days	20 530	17 453
	+ 90 Days	1 255 923	1 349 602
	<b>Total</b>	<b>1 301 822</b>	<b>1 393 881</b>
	+ 90 Days	2 010 368	122 455
	<b>Total</b>	<b>2 010 368</b>	<b>122 455</b>
	<b><u>(Land Sales): Ageing</u></b>		
	+ 90 Days	1 133 310	2 038 360
	<b>Total</b>	<b>1 133 310</b>	<b>2 038 360</b>
	<b><u>(Total): Ageing</u></b>		
	Accrued Income	28 575 218	23 159 058
	Current (0 - 30 days)	27 507 936	24 342 669
	31 - 60 Days	6 307 584	8 294 924
	61 - 90 Days	5 053 461	6 672 678
	+ 90 Days	213 046 109	167 896 725
	<b>Total</b>	<b>280 490 307</b>	<b>230 366 054</b>



WITZENBERG MUNICIPALITY

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

3	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED	2021 R	2020 R
	<b>Reconciliation Provision for Impairment</b>		
	Opening Balance	(171 319 108)	(131 576 489)
	Recognised	(42 974 704)	(39 760 988)
	Reversal (Write-off)	16 164	18 368
	<b>Balance at end of year</b>	<b><u>(214 277 648)</u></b>	<b><u>(171 319 109)</u></b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers living in poverty. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

4	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	<b>Property Rates</b>		
	Outstanding balance	33 985 297	31 975 140
	Provision for impairment	(25 942 434)	(24 473 636)
	Carrying Value	<b><u>8 042 863</u></b>	<b><u>7 501 504</u></b>
	<b>Fines</b>		
	Outstanding balance	23 681 460	30 433 020
	Provision for impairment	(21 161 350)	(25 762 620)
	Carrying Value	<b><u>2 520 110</u></b>	<b><u>4 670 400</u></b>
	<b>Other Receivables</b>	<b>463 136</b>	<b>478 000</b>
	Deposits	224 615	224 615
	Other receivables	238 521	253 385
	<b>Total Net Receivables from Non-Exchange Transactions</b>	<b><u>11 026 109</u></b>	<b><u>12 649 904</u></b>

**Ageing of Receivables from Non-Exchange Transactions:**

(Rates): Ageing

Current (0 - 30 days)	3 786 675	2 916 005
31 - 60 Days	896 843	726 011
61 - 90 Days	408 250	499 281
+ 90 Days	28 887 524	27 827 837
Total	<b><u>33 979 291</u></b>	<b><u>31 969 135</u></b>

It is not possible to provide an accurate ageing of traffic fines as the due date for payment of the fines is not linked to the issue date, but are dependent on the available court dates. Meaning that the payment date is approximately seven to ten days before the court date.

**Reconciliation Provision for Impairment**

Opening Balance	(50 236 255)	(36 614 661)
Recognised	(14 412 198)	(27 790 285)
Reversal (Write-off)	17 544 670	14 168 690
Balance at end of year	<b><u>(47 103 783)</u></b>	<b><u>(50 236 256)</u></b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers living in poverty. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

5	INVENTORY		
	Consumables	892 552	750 713
	Materials and Supplies	8 878 678	10 633 984
	Water	191 862	216 814
	<b>Total Inventory</b>	<b><u>9 963 092</u></b>	<b><u>11 601 511</u></b>

Inventory written down due to losses as identified during the annual stores counts.

-	<b><u>(52)</u></b>
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Inventory recognised as an expense during the year

<b><u>8 730 040</u></b>	<b><u>12 959 401</u></b>
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No inventories is pledged as security for liabilities

No inventory is carried at fair value less cost to sell.

No inventory was written down to net realisable value.

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

<b>6</b>	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
	<b>Unspent Grants</b>	24 703 606	48 496 815
	National Government Grants	10 811 614	29 605 007
	Provincial Government Grants	9 994 797	14 765 591
	District Municipality	3 897 195	4 126 217
	<b>Less: Grants spend but not yet received</b>	2 172 368	3 638 977
	National Government Grants	394 655	724 504
	Provincial Government Grants	1 252 623	1 252 623
	District Municipality	525 090	525 090
	Other	-	1 136 760
	<b>Total Conditional Grants and Receipts</b>	<b>22 531 238</b>	<b>44 857 838</b>

Please refer to Note 21 for more information on specific grants.

**7 STATUTORY RECEIVABLES**

Statutory receivables of the municipality are classified as follows in accordance with the principles of GRAP 108,

As of 30 June 2021, total statutory receivables of R 64871 124 (2020: R 67097040) were impaired and provided for.

The amount of the allowance for impairment was R 47103784 as of 30 June 2021 (2020: R50236256).

**Reconciliation of statutory receivables**

Gross balance of statutory receivables	64 871 124	67 097 040
Provision for impairment	(47 103 784)	(50 236 256)
<b>Netto statutory receivables</b>	<b>17 767 340</b>	<b>16 860 784</b>

**Gross balance**

Fines	23 681 460	30 433 020
Property rates	33 985 297	31 975 140
VAT	7 204 367	4 688 880
<b>Total</b>	<b>64 871 124</b>	<b>67 097 040</b>

**Reconciliation of Provision for impairment**

Opening Balance	(50 236 256)	(36 614 661)
Recognised	(14 412 198)	(27 790 285)
Reversal (Write-off)	17 544 670	14 168 690
<b>Balance at end of year</b>	<b>(47 103 783)</b>	<b>(50 236 256)</b>

**The total amount of the Provision for impairment consists of:**

Fines	(21 161 350)	(25 762 620)
Property rates	(25 942 434)	(24 473 636)
<b>Total</b>	<b>(47 103 784)</b>	<b>(50 236 256)</b>

**Net balance**

Fines	2 520 110	4 670 400
Property rates	8 042 863	7 501 504
VAT	7 204 367	4 688 880
<b>Total</b>	<b>17 767 340</b>	<b>16 860 784</b>

**Interest charged**

	427 601	2 017 034
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**Property Rates: Ageing**

Current (0 - 30 days)	3 786 675	2 916 005
31 - 60 Days	896 843	726 011
61 - 90 Days	408 250	499 281
+ 90 Days	28 887 524	27 827 837
<b>Total</b>	<b>33 979 291</b>	<b>31 969 135</b>

**Statutory receivables arises from the following legislation:**

Property Rates- Municipal Property Rates Act (Act no 60 of 2014)

Fines- Criminal Procedures Act (Act no 51 of 1977)

Value Added Tax Act (Act no 89 of 1991)

**No receivables from statutory receivables were pledged as security.**

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

<b>STATUTORY RECEIVABLES CONTINUED</b>	<b>2021 R</b>	<b>2020 R</b>		
<b>Credit quality of statutory receivables</b>				
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 non-exchange receivables on initial recognition is not deemed necessary.				
<b>There are no statutory receivables which were restricted.</b>				
Property rates are levied on the value of land and improvements, which valuation is performed every 5 years. The last valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also new buildings.				
<b>Basic rate</b>				
Residential	0.927c/R	0.875c/R		
Commercial	1.674c/R	1.579c/R		
Industrial	1.629c/R	1.537c/R		
Bona Fide Agricultural	0.125c/R	0.106c/R		
Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.				
Rebates were granted on land with buildings used solely for dwellings purposes as follows:				
- Residential - The first R120 000 on the valuation is exempted.				
<b>Balances past due not impaired:</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	%	R	%	R
<u>Non-Exchange Receivables</u>				
Fines	10.64%	2 520 110	15.35%	4 670 400
Property rates	23.67%	8 042 863	23.46%	7 501 504
VAT	100.00%	7 204 367	100.00%	4 688 880
	<u>27.39%</u>	<u>17 767 340</u>	<u>25.13%</u>	<u>16 860 784</u>
<b>The provision for bad debts could be allocated between the different classes of debtors as follows:</b>				
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	%	R	%	R
<u>Non-Exchange Receivables</u>				
Fines	44.92%	21 161 350	51.28%	25 762 620
Property rates	55.08%	25 942 434	48.72%	24 473 636
	<u>100.00%</u>	<u>47 103 784</u>	<u>100.00%</u>	<u>50 236 256</u>
<b>The provision for bad debts could be allocated between the different categories of debtors as follows:</b>				
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	%	R	%	R
Residential	75.71%	35 661 412	77.98%	39 175 482
Commercial	21.07%	9 925 191	16.30%	8 189 890
Other	3.22%	1 517 181	5.71%	2 870 884
	<u>100.00%</u>	<u>47 103 784</u>	<u>100.00%</u>	<u>50 236 256</u>
<b>VAT PAYABLE</b>			<b>2021</b>	<b>2020</b>
VAT Payable			R 9 371 515	R 8 183 265
			<u>9 371 515</u>	<u>8 183 265</u>
<b>VAT RECEIVABLE</b>				
VAT input in suspense			16 575 882	12 872 145
			<u>16 575 882</u>	<u>12 872 145</u>
<b>NET VAT RECEIVABLE/(PAYABLE)</b>			<u>7 204 367</u>	<u>4 688 880</u>

VAT is receivable/payable on the cash basis.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## 8 PROPERTY, PLANT AND EQUIPMENT

## 8.1 30 JUNE 2021

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
<b>Carrying value at 1 July 2020</b>	70,460,672	87,181,464	631,580,781	69,965,299	549,031	27,958,456	887,695,703
Cost	70,460,672	98,147,957	807,546,854	84,767,703	3,111,305	80,897,993	1,144,932,484
Accumulated Impairment	-	-	(19,803)	(278,553)	-	(1,161,232)	(1,459,588)
Accumulated Depreciation	-	(10,966,493)	(175,946,270)	(14,523,851)	(2,562,274)	(51,778,305)	(255,777,193)
<b>Acquisitions</b>	-	-	49,559,681	9,885,758	-	7,498,092	66,943,531
<b>Transfers</b>	-	-	2,879,778	1,117,231	-	(3,997,009)	-
Cost	-	-	2,879,778	1,117,231	-	(3,997,009)	-
Accumulated Depreciation	-	-	-	-	-	-	-
<b>Impairment</b>	-	-	-	(1,085,669)	-	436,175	(649,494)
Impairment	-	-	-	(1,085,669)	-	-	(1,085,669)
Reversals	-	-	-	-	-	436,175	436,175
<b>Depreciation</b>	-	(996,709)	(19,364,850)	(2,017,309)	(549,031)	(6,486,391)	(29,414,290)
<b>Carrying value of disposals</b>	(8,547)	-	-	-	-	(57,500)	(66,047)
Cost	(8,547)	-	-	-	-	(129,788)	(138,335)
Accumulated Depreciation	-	-	-	-	-	72,288	72,288
<b>Carrying value at 30 June 2021</b>	70,452,125	86,184,755	664,655,390	77,865,310	-	25,351,823	924,509,403
Cost	70,452,125	98,147,957	859,986,313	95,770,692	3,111,305	84,269,288	1,211,737,680
Accumulated Impairments	-	-	(19,803)	(1,364,222)	-	(725,057)	(2,109,082)
Accumulated Depreciation	-	(11,963,202)	(195,311,120)	(16,541,160)	(3,111,305)	(58,192,408)	(285,119,195)

**CAPITALISED RESTORATION COST**

<b>Net Carrying amount at 1 July</b>							<b>10 027 827</b>
Cost							46 429 939
Accumulated Depreciation							(36 402 112)
Adjustment for the period							50 120 798
Depreciation for the year							(2 498 945)
<b>Net Carrying amount at 30 June</b>							<b>57 649 679</b>
Cost							96 550 736
Accumulated Depreciation							(38 901 057)
<b>Total Property, Plant and Equipment</b>							<b><u>982 159 082</u></b>

<b>8.1.1</b> Work in Progress included in the Carrying Value of Property Plant & Equipment							
Original Cost	558 835	44 060 729	387 937	0	15 344 092	60 351 594	
<b>8.1.2</b> Expenditure incurred for repairs and maintaining property plant and equipment			17 106 278				

## PROPERTY, PLANT AND EQUIPMENT CONTINUED

## 8.2 30 JUNE 2020

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
<b>Carrying value at 1 July 2019</b>	70 821 672	89 074 511	626 397 981	68 333 398	956 045	29 671 075	885 254 681
Cost	70 821 672	99 203 957	783 140 183	79 434 583	3 111 305	76 563 996	1 112 275 695
Accumulated Impairment	-	-	(19 803)	-	-	(1 439 785)	(1 459 588)
Accumulated Depreciation	-	(10 129 446)	(156 722 400)	(11 101 185)	(2 155 260)	(45 453 135)	(225 561 426)
<b>Acquisitions</b>	-	-	24 406 671	4 345 120	-	5 756 386	34 508 178
<b>Transfers</b>	-	(837 827)	-	837 827	-	(794 040)	(794 040)
Cost	-	(988 000)	-	988 000	-	(945 903)	(945 903)
Accumulated Depreciation	-	150 173	-	(150 173)	-	151 863	151 863
<b>Impairment</b>	-	-	-	(278 553)	-	278 553	-
<b>Depreciation</b>	-	(994 122)	(19 223 869)	(3 272 493)	(407 014)	(6 607 159)	(30 504 657)
<b>Carrying value of disposals</b>	(361 000)	(61 098)	-	-	-	(346 360)	(768 458)
Cost	(361 000)	(68 000)	-	-	-	(476 487)	(905 487)
Accumulated Depreciation	-	6 902	-	-	-	130 127	137 029
<b>Carrying value at 30 June 2020</b>	70 460 672	87 181 464	631 580 782	69 965 299	549 031	27 958 457	887 695 704
Cost	70 460 672	98 147 957	807 546 854	84 767 703	3 111 305	80 897 993	1 144 932 484
Accumulated Impairments	-	-	(19 803)	(278 553)	-	(1 161 232)	(1 459 588)
Accumulated Depreciation	-	(10 966 493)	(175 946 270)	(14 523 851)	(2 562 274)	(51 778 305)	(255 777 192)

## CAPITALISED RESTORATION COST

## Net Carrying amount at 1 July

19 246 216

Cost  
Accumulated Depreciation

52 960 260  
(33 714 045)

Adjustment for the period  
Depreciation for the year

(6 530 322)  
(2 688 067)

## Net Carrying amount at 30 June

10 027 827

Cost  
Accumulated Depreciation

46 429 939  
(36 402 112)

## Total Property, Plant and Equipment

897 723 531

## 8.2.1 Work in Progress included in the Carrying Value of Property Plant &amp; Equipment

Original Cost	558835	16 293 860	387 937	0	6 033 674	23 274 306
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## 8.2.2 Expenditure incurred for repairs and maintaining property plant and equipment

14 469 501

## 8.2.3 No assets are pledged as security

## 8.2.4 No assets were in construction or development and consequently halted.

## 8.2.5 No assets took significantly long to complete.

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

9	<b>INTANGIBLE ASSETS</b>	<b>2021</b> <b>R</b>	<b>2020</b> <b>R</b>
	<b>Computer Software</b>		
	<b>Net Carrying amount at 1 July</b>	<b>1 647 247</b>	<b>2 029 417</b>
	Cost	5 027 955	5 012 239
	Accumulated Amortisation	(3 380 708)	(2 982 822)
	Acquisitions	-	15 716
	Amortisation	(386 959)	(397 887)
	<b>Net Carrying amount at 30 June</b>	<b>1 260 288</b>	<b>1 647 247</b>
	Cost	5 027 955	5 027 955
	Accumulated Amortisation	(3 767 667)	(3 380 708)
	No intangible assets are pledged as security		
	No intangible assets were in construction or development and consequently halted.		
	No intangible assets took significantly long to complete.		
10	<b>INVESTMENT PROPERTY</b>		
	<b>Net Carrying amount at 1 July</b>	<b>44 504 573</b>	<b>44 459 310</b>
	Cost	47 853 850	47 554 810
	Accumulated Depreciation	(3 349 277)	(3 095 500)
	Transfers to/from Cost	-	945 903
	Transfers to/from Accumulated Depreciation	-	(151 863)
	Depreciation for the year	(281 026)	(279 891)
	Carrying value of disposals	-	(468 886)
	Cost	-	(495 000)
	Accumulated Depreciation	-	26 114
	<b>Net Carrying amount at 30 June</b>	<b>44 223 547</b>	<b>44 504 573</b>
	Cost	47 853 850	48 005 713
	Accumulated Depreciation	(3 630 304)	(3 501 140)
	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	639 712	2 623 725
	Repair and maintenance expenditure incurred on properties generating revenue	<b>388 834</b>	<b>492 260</b>
	Total Operating expenditure incurred on properties generating revenue	<b>9 601 433</b>	<b>9 502 538</b>
	Operating expenditure incurred on properties not generating revenue	<b>898 213</b>	<b>931 350</b>





WITZENBERG MUNICIPALITY

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

11	HERITAGE ASSETS	2021 R	2020 R
	Net Carrying amount at 1 July	550 000	550 000
	Cost	550 000	550 000
	Net Carrying amount at 30 June	550 000	550 000
	Cost	550 000	550 000

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

No repairs and maintenance were effected on the heritage assets.

None of the heritage assets are pledge as security.

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 out for periods ranging until 2019.

12	TRADE AND OTHER PAYABLES EXCHANGE TRANSACTIONS	2021 R	2020 R
	Payables and Accruals	11 389 843	9 203 933
	Control, Clearing and Interface	101 181	(6 285)
	Electricity Bulk Purchase	31 409 381	29 051 439
	Accrued Interest	10 342	16 551
	Unallocated Deposits	4 654 172	5 129 924
	Retentions	3 358 724	3 518 982
	Advance Payments	6 811 826	6 024 459
	Overtime	839 359	808 395
	<b>Total Trade Payables</b>	<b>58 574 828</b>	<b>53 747 398</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.



WITZENBERG MUNICIPALITY

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

	2021 R	2020 R
<b>13 CONSUMER DEPOSITS</b>		
Water and Electricity	5 777 154	5 232 346
Rental Properties	500 937	660 469
Building Plans	2 801 641	2 417 461
<b>Total Consumer Deposits</b>	<b>9 079 732</b>	<b>8 310 276</b>

<b>14 CURRENT EMPLOYEE BENEFITS</b>		
Current Portion of Post Employment Health Care Benefits- Note 18	2 630 000	1 823 000
Current Portion of Long-Service Provisions - Note 18	1 354 000	1 573 000
Current Portion of Ex-gratia Pension Provisions - Note 18	2 162	8 455
Staff Leave	18 023 300	17 400 649
Performance Bonuses	709 809	666 708
Staff Bonuses	5 106 015	5 202 132
<b>Total Current Employee Benefits</b>	<b>27 825 286</b>	<b>26 673 944</b>

The movement in current employee benefits are reconciled as follows:

**Staff Leave**

Balance at beginning of year	17 400 648	13 148 895
Contribution for the year	1 354 848	4 832 121
Expenditure incurred	(732 196)	(580 367)
Balance at end of year	<b>18 023 300</b>	<b>17 400 649</b>

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.

**Performance Bonuses**

Balance at beginning of year	666 708	497 567
Contribution for the year	709 809	721 323
Expenditure incurred	(666 708)	(552 181)
Balance at end of year	<b>709 809</b>	<b>666 709</b>

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of their performance.

**Staff Bonuses**

Balance at beginning of year	5 202 132	4 642 349
Contribution for the year	8 733 330	8 590 849
Expenditure incurred	(8 829 448)	(8 031 067)
Balance at end of year	<b>5 106 014</b>	<b>5 202 131</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle.



WITZENBERG MUNICIPALITY

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

		2021 R	2020 R
<b>15</b>	<b>UNSPENT PUBLIC CONTRIBUTIONS</b>		
	China - Water meters	15 627	16 004
	Essen Belgium	3 963 623	3 987 569
	Total Unspent Public Contributions	<u>3 979 250</u>	<u>4 003 573</u>
	<b>Reconciliation of public contributions</b>		
	<u>China - Water meters</u>		
	Opening balance	16 005	19 533
	Conditions met - Transferred to revenue	(378)	(3 529)
	<b>Closing balance</b>	<u>15 627</u>	<u>16 004</u>
	3580 Water meters were donated by the Chinese Government to the Witzenberg Municipality. The purpose of the donation is to provide water connections to poor households.		
	<u>Essen Belgium</u>		
	Opening balance	3 987 568	2 199 763
	Receipts	834 420	2 331 023
	Conditions met - Transferred to revenue	(858 365)	(543 217)
	<b>Closing balance</b>	<u>3 963 623</u>	<u>3 987 569</u>
	A twinning agreement exists between Essen in Belgium and the Witzenberg Municipality. The purpose of the agreement is youth development and crèches.		
<b>16</b>	<b>BORROWINGS</b>		
	Annuity Loans	2 774 921	4 105 791
	Finance Lease Liability	-	481 811
		<u>2 774 921</u>	<u>4 587 602</u>
	Less Current portion of Non-current	<b>(1 586 619)</b>	<b>(1 967 785)</b>
	Annuity Loans	(1 586 619)	(1 485 974)
	Finance Lease Liability	-	(481 811)
	Non-Current portion	<b>1 188 302</b>	<b>2 619 817</b>
	<b>Total borrowings - At amortised cost using the effective interest rate method</b>	<u><b>1 188 302</b></u>	<u><b>2 619 817</b></u>
	Refer below for maturity dates of long term liabilities:		
	The obligations under annuity loans are scheduled below:		<b>Minimum annuity payments</b>
	Amounts payable under annuity loans:		
	Payable within one year	1 762 766	1 792 988
	Payable within two to five years	1 250 670	2 848 336
		3 013 435	4 641 324
	<b>Less:</b> Future finance obligations	(238 517)	(535 535)
	<b>Present value of annuity obligations</b>	<u><b>2 774 918</b></u>	<u><b>4 105 788</b></u>
	Annuity loans at amortised cost is calculated at an average 12.47% interest rate, with a final maturity date of 30 June 2023.		
	The obligations under finance leases are scheduled below:		<b>Minimum lease payments</b>
	Amounts payable under finance leases:		
	Payable within one year	-	508 306
		-	508 306
	<b>Less:</b> Future finance obligations	-	(26 495)
	<b>Present value of lease obligations</b>	<u><b>-</b></u>	<u><b>481 811</b></u>



WITZENBERG MUNICIPALITY

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

17	<b>NON-CURRENT PROVISIONS</b>	<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
	Provision for Rehabilitation of Landfill-sites	102 375 838	50 889 138
	<b>Total Non-current Provisions</b>	<b>102 375 838</b>	<b>50 889 138</b>
	<b><u>Landfill Sites</u></b>		
	Opening Balance	50 889 138	86 471 213
	Unwinding of Interest	3 570 257	8 087 185
	Adjustment for the period	47 916 443	(43 669 260)
	<b>Total provision 30 June</b>	<b>102 375 838</b>	<b>50 889 138</b>
	Discount rate	7.02%	9.35%
	Inflation Rate	4.90%	2.20%

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

Location	Estimated Decommission Date	Current Cost of Rehabilitation	Current Cost of Rehabilitation
Ceres	2003	2 726 781	4 607 860
Prince Alfred's Hamlet	2025	48 821 093	38 545 792
Op-die- Berg	2021	7 789 062	5 672 802
Tulbagh	2032	18 584 907	905 259
Wolseley	2034	24 453 996	1 157 427
		<b>102 375 838</b>	<b>50 889 139</b>

Location	Estimated Decommission Date	Future Cost of Rehabilitation	Future Cost of Rehabilitation
Ceres	2003	2 726 781	4 607 860
Prince Alfred's Hamlet	2025	64 032 189	60 723 312
Op-die- Berg	2021	7 789 062	6 296 476
Tulbagh	2032	39 181 877	51 732 646
Wolseley	2034	59 043 230	79 093 858
		<b>172 773 139</b>	<b>202 454 153</b>

18	<b>EMPLOYEE BENEFITS</b>		
	Post-employment Health Care Benefits	60 636 000	52 895 000
	Long Service Awards	10 802 000	8 680 000
	Ex-Gratia Pension Benefits	29 920	53 758
	<b>Total Non-current Employee Benefit Liabilities</b>	<b>71 467 920</b>	<b>61 628 758</b>
	<b><u>Post-employment Health Care Benefits</u></b>		
	Opening Balance	54 718 000	57 148 484
	Contribution for the year	1 823 000	2 020 946
	Interest Cost	5 529 000	5 242 666
	Expenditure for the year	(2 333 394)	(2 379 821)
	Actuarial Loss/(Gain)	3 529 394	(7 314 275)
	<b>Total post retirement Health Care benefits 30 June</b>	<b>63 266 000</b>	<b>54 718 000</b>
	<b>Less:</b> Transfer of Current Portion - Note 14	(2 630 000)	(1 823 000)
	<b>Balance 30 June</b>	<b>60 636 000</b>	<b>52 895 000</b>



WITZENBERG MUNICIPALITY

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

18	EMPLOYEE BENEFITS CONTINUED	2021 R	2020 R
	<b><u>Long Service Awards</u></b>		
	Opening Balance	10 253 000	10 640 365
	Contribution for the year	798 000	878 787
	Interest Cost	687 000	818 139
	Expenditure for the year	(1 382 126)	(840 493)
	Actuarial Loss/(Gain)	1 800 126	(1 243 798)
	<b>Total long service 30 June</b>	<b>12 156 000</b>	<b>10 253 000</b>
	<b>Less:</b> Transfer of Current Portion - Note 14	<b>(1 354 000)</b>	<b>(1 573 000)</b>
	<b>Balance 30 June</b>	<b>10 802 000</b>	<b>8 680 000</b>
	<b><u>Ex-Gratia Pension</u></b>		
	Opening Balance	62 210	63 524
	Interest Cost	4 186	4 817
	Expenditure for the year	(22 519)	(6 240)
	Actuarial Loss/(Gain)	(11 795)	112
	<b>Total Ex-Gratia 30 June</b>	<b>32 082</b>	<b>62 213</b>
	<b>Less:</b> Transfer of Current Portion - Note 14	<b>(2 162)</b>	<b>(8 455)</b>
	<b>Balance 30 June</b>	<b>29 920</b>	<b>53 758</b>
	<b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>		
	Balance 1 July	65 033 210	67 852 373
	Contribution for the year	2 621 000	2 899 733
	Interest cost	6 220 186	6 065 622
	Expenditure for the year	(3 738 039)	(3 226 554)
	Actuarial Loss/(Gain)	5 317 725	(8 557 961)
	<b>Total employee benefits 30 June</b>	<b>75 454 082</b>	<b>65 033 213</b>
	<b>Less:</b> Transfer of Current Portion - Note 14	<b>(3 986 162)</b>	<b>(3 404 455)</b>
	<b>Balance 30 June</b>	<b>71 467 920</b>	<b>61 628 758</b>

18.1 Post-employment Health Care Benefits

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

In-service (employee) members	246	248
In-service (employee) non-members	240	
Continuation members (e.g. Retirees, widows, orphans)	54	54
<b>Total Members</b>	<b>540</b>	<b>302</b>

The liability in respect of past service has been estimated to be as follows:

In-service (employee) members	30 183 000	26 345 000
In-service (employee) non-members	2 345 000	
Continuation members	30 738 000	28 373 000
<b>Total Liability</b>	<b>63 266 000</b>	<b>54 718 000</b>

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

	2019 R	2018 R	2017 R
In-service members	27 996 656	52 940 818	50 585 753
Continuation members	29 151 829	25 363 294	21 789 464
<b>Total Liability</b>	<b>57 148 485</b>	<b>78 304 112</b>	<b>72 375 217</b>

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

Bonitas;  
Keyhealth.  
LA Health  
Hosmed and  
Samwumed.

WITZENBERG MUNICIPALITY

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

18.1 EMPLOYEE BENEFITS CONTINUED

2021

2020

Key actuarial assumptions used:

i) Rate of interest

Discount rate	10.06%	10.34%
Health Care Cost Inflation Rate	6.77%	6.40%
Net Effective Discount Rate	3.08%	3.70%

The discount rate are derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

ii) Mortality rates

The PA 90 ultimate table was used by the actuaries.

iii) Normal retirement age

The normal retirement ages are 65 (for males) and 65 (for females). It has been assumed that male in-service members will retire at age 62 and female in-service members will retire at age 59, on average, which then implicitly allows for expected rates of ill-health and early retirement.

The amounts recognised in the Statement of Financial Position are as follows:	2021 R	2020 R
Present value of fund obligations	63 266 000	54 718 000
<b>Net liability/(asset)</b>	<b>63 266 000</b>	<b>54 718 000</b>
The municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits, paragraph 155 (a).		
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	54 718 000	57 148 484
Total expenses	5 018 606	4 883 791
Current service cost	1 823 000	2 020 946
Interest Cost	5 529 000	5 242 666
Benefits Paid	(2 333 394)	(2 379 821)
Amendments	-	-
Actuarial (gains)/losses	3 529 394	(7 314 275)
Present value of fund obligation at the end of the year	63 266 000	54 718 000
<b>Less:</b> Transfer of Current Portion - Note 14	(2 630 000)	(1 823 000)
<b>Balance 30 June</b>	<b>60 636 000</b>	<b>52 895 000</b>

Sensitivity Analysis on the Accrued Liability at 30 June 2021

Assumption	In-service members	Continuation members	Total liability (R'000)
Central Assumptions	30 183 000	30 738 000	60 921 000

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members	Continuation members	Total liability (R'000)	% change
Central assumptions		30 183 000	30 738 000	60 921 000	-
Health care inflation	1%	35 463 000	33 596 000	69 059 000	9
Health care inflation	-1%	28 735 000	28 159 000	56 894 000	-10
Mortality rate	20%	31 056 000	28 649 000	59 705 000	-6
Mortality rate	-20%	34 260 000	33 344 000	67 604 000	7



WITZENBERG MUNICIPALITY

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

EMPLOYEE BENEFITS CONTINUED

18.2 Long Service Awards

The Long Service Bonus plans are defined benefit plans.

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

486 512

i) Rate of interest

Discount rate	9.13%	7.25%
General Salary Inflation (long-term)	5.77%	3.90%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.18%	3.22%

2021 R 2020 R

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

Present value of fund obligations	12 156 000	10 253 000
<b>Net liability</b>	<b>12 156 000</b>	<b>10 253 000</b>

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

	2019 R	2018 R	2017 R
Present value of fund obligations	10 640 365	5 885 018	5 329 057
<b>Net liability</b>	<b>10 640 365</b>	<b>5 885 018</b>	<b>5 329 057</b>

2021 R 2020 R

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	10 253 000	10 640 365
Total expenses	102 874	856 433
Current service cost	798 000	878 787
Interest Cost	687 000	818 139
Benefits Paid	(1 382 126)	(840 493)
Actuarial (gains)/losses	1 800 126	(1 243 798)
Present value of fund obligation at the end of the year	12 156 000	10 253 000
<b>Less:</b> Transfer of Current Portion - Note 14	<b>(1 354 000)</b>	<b>(1 573 000)</b>
<b>Balance 30 June</b>	<b>10 802 000</b>	<b>8 680 000</b>

Sensitivity Analysis on the Accrued Liability at 30 June 2021

Assumption	Change	Liability	% change
Central assumptions		12 156 000	
General salary inflation	1.00%	12 898 000	6%
General salary inflation	-1.00%	11 481 000	-6%
Withdrawal rates	20%	11 624 000	-4%
Withdrawal rates	-20%	12 736 000	5%



WITZENBERG MUNICIPALITY

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

EMPLOYEE BENEFITS CONTINUED	2021	2020
<b>18.3 Ex-Gratia Pension Benefits</b>		
The Ex-Gratia Pension Benefits plans are defined benefit plans.		
As at year end, the following number of employees were eligible for Ex-Gratia Pension Benefits.	16	18
<b>i) Rate of interest</b>		
Discount rate	8.67%	7.21%

	2021 R	2020 R
--	-----------	-----------

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

Present value of fund obligations	32 082	62 213
<b>Net liability</b>	<u>32 082</u>	<u>62 213</u>

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

	2019 R	2018 R	2017 R
Present value of fund obligations	71 873	71 873	154 143
<b>Net liability</b>	<u>71 873</u>	<u>71 873</u>	<u>154 143</u>

EMPLOYEE BENEFITS CONTINUED	2021 R	2020 R
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Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	62 210	63 524
Total expenses	(18 333)	(1 423)
Interest Cost	4 186	4 817
Benefits Paid	(22 519)	(6 240)

Actuarial (gains)/losses	(11 795)	112
Present value of fund obligation at the end of the year	<u>32 082</u>	<u>62 213</u>

<b>Less:</b> Transfer of Current Portion - Note	(2 162)	(8 455)
<b>Balance 30 June</b>	<u>29 920</u>	<u>53 758</u>

Sensitivity Analysis on the Accrued Liability at 30 June 2021

Assumption	Change	Total liability	% change
Central assumptions		32 082	
Withdrawal rates	+20%	31 844	-1.0%
Withdrawal rates	-20%	32 332	1.0%





**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

<b>EMPLOYEE BENEFITS CONTINUED</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>18.4 Retirement funds</b>		
<b><u>CAPE JOINT PENSION FUND</u></b>		
The funding level of the CJPF (Pensions Account section) was 105.1% as at the 30 June 2013 valuation date compared with a 99.4% funding level as at 30 June 2012. The Fund is in a sound financial condition at the valuation date. As at the 30 June 2013 valuation date (in totality) the members contributed at a rate of 9% of pensionable salaries and (in totality) the Local Authorities contributed at a rate of 18% of pensionable salaries.		
Contributions paid recognised in the Statement of Financial Performance	<u>381 065</u>	<u>288 723</u>
<b><u>SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND</u></b>		
The funding level at the most recent actuarial valuation (1 July 2012) of 100% was calculated on a Discounted Cash Flow (DCF) basis. The funding level has improved since the previous valuation. The valuation actuary recommended that the prevailing employer contribution rate at 1 July 2012 be maintained at 15.26%. This includes a margin of 3.92% over and above the contribution rate required to fund the Projected Unit Method future service benefits and associated costs.		
Contributions paid recognised in the Statement of Financial Performance	<u>244 764</u>	<u>186 267</u>
<b><u>DEFINED CONTRIBUTION FUNDS</u></b>		
Council contributes to: the Government Employees Pension Fund; Municipal Council Pension Fund; National Fund for Municipal Workers (IMATU); and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is 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.		
Contributions paid recognised in the Statement of Financial Performance		
Cape Joint Retirement Fund	24 174 021	21 956 888
Municipal Councillors Pension Fund	393 038	376 758
National Fund For Municipal Employees (IMATU)	145 755	133 462
SAMWU National Provident Fund	<u>4 385 295</u>	<u>4 275 921</u>
	<u><b>29 098 110</b></u>	<u><b>26 743 029</b></u>
The municipality adjusted the retirement age of female employees from 60 to 65 years of age. No change in estimated figures are expected due to the following:		
The valuation results are dependent on the expected average retirement ages (EARAs) instead of the normal retirement age (NRAs).		
Witzenberg's own recent employee-retirement history will be too small a sample to be solely relied on in setting these assumptions. Nevertheless, this recent experience seems to be in line with the EARAs used in the 2020 valuation.		
If there is concern that the change in NRA for females will affect their EARA, then we recommend that the retirement-experience be monitored for several years after the change.		
<b>19 NET ASSET RESERVES</b>		
Capital Replacement Reserve	<u>10 442 209</u>	<u>10 617 534</u>
<b>Total Net Asset Reserves</b>	<u><b>10 442 209</b></u>	<u><b>10 617 534</b></u>



WITZENBERG MUNICIPALITY

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

20

PROPERTY RATES

2021  
R

2020  
R

Actual

**Rates Levied**

88 968 573

81 314 127

Business  
Building Clauses  
Rural  
Industrial Properties  
Residential Properties  
State-owned Properties  
Vacant Land  
Public Service Infrastructure

14 252 757	13 201 984
100 709	96 418
21 658 417	18 572 835
10 142 771	9 400 563
28 828 793	26 964 539
12 180 752	11 164 548
1 781 377	1 907 205
22 997	6 035

Less: Revenue Forgone

(8 193 455)

(7 720 342)

**Total Assessment Rates**

**80 775 118**

**73 593 785**

Valuations - 1 JULY

**Land and Buildings**

Residential Property  
Commercial Property  
Industrial Property  
Informal Property  
Agricultural Purposes  
State - National/ Provincial Services  
Public Service Infrastructure  
Vacant Property  
**Total Valuation**

4 082 787 000	4 052 249 000
1 017 784 700	1 013 172 700
622 997 000	610 486 000
37 168 500	37 168 500
12 675 752 300	12 588 293 000
822 627 500	822 438 000
10 040 500	9 948 500
176 507 400	166 825 800
<b>19 445 664 900</b>	<b>19 300 581 500</b>

Assessment Rates are levied on the value of land and improvements. The valuation is performed every 4-6 years. The last valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

**Rates:**

Residential	0.927c/R	0.875c/R
Commercial	1.674c/R	1.579c/R
Industrial	1.629c/R	1.537c/R
Bona Fide Agricultural	0.125c/R	0.106c/R

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:  
Residential - The first R120 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.



WITZENBERG MUNICIPALITY

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

21	TRANSFERS AND SUBSIDIES	2021 R	2020 R
	<b>Unconditional Grants</b>	<b>116 085 531</b>	<b>92 850 157</b>
	Equitable Share	116 085 531	92 850 157
	<b>Conditional Grants</b>	<b>67 067 486</b>	<b>53 829 958</b>
	Grants and donations	67 067 486	53 829 958
	<b>Total Government Grants and Subsidies</b>	<b>183 153 017</b>	<b>146 680 115</b>
	Government Grants and Subsidies - Capital	52 101 858	15 568 796
	Government Grants and Subsidies - Operating	131 051 159	131 111 319
		<b>183 153 017</b>	<b>146 680 115</b>

Please refer to appendix D for more detailed disclosure of Government Grants and Subsidies.

The Municipality does not expect any significant changes to the level of grants.

**21.1 Equitable share**

Grants received	116 085 531	92 850 157
Conditions met - Operating	(116 085 531)	(92 850 157)
Conditions still to be met/(Grant expenditure to be recovered)	-	-

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.

**21.2 Local Government Financial Management Grant (FMG)**

Opening balance	54 161	626 923
Grants received	1 550 000	1 550 000
Conditions met - Operating	(1 550 000)	(1 495 840)
Write off / Transfers	(54 161)	(626 922)
Conditions still to be met/(Grant expenditure to be recovered)	-	<b>54 161</b>

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

**21.3 Expanded Public Works Programme**

Opening balance	(432 918)	(275 740)
Grants received	2 360 000	2 299 000
Conditions met - Operating	(2 030 150)	(2 456 177)
Conditions still to be met/(Grant expenditure to be recovered)	<b>(103 068)</b>	<b>(432 917)</b>



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

<b>GOVERNMENT GRANTS AND SUBSIDIES CONTINUED</b>		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
<b>21.4</b>	<b>Municipal Infrastructure Grant (MIG)</b>		
	Opening balance	9 843 224	(666 480)
	Grants received	22 013 000	22 411 000
	Conditions met - Operating	(630 000)	-
	Conditions met - Capital	(21 042 862)	(11 901 296)
	Write off / Transfers	(9 843 224)	-
	Conditions still to be met/(Grant expenditure to be recovered)	<u><u>340 138</u></u>	<u><u>9 843 224</u></u>
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
<b>21.5</b>	<b>Regional Bulk Infrastructure Grant (RBIG)</b>		
	Opening balance	19 236 146	6 441 235
	Grants received	10 000 000	19 471 000
	Conditions met - Capital	-	(234 854)
	Write off / Transfers	(19 236 146)	(6 441 235)
	Conditions still to be met/(Grant expenditure to be recovered)	<u><u>10 000 000</u></u>	<u><u>19 236 146</u></u>
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
<b>21.6</b>	<b>Housing Grants</b>		
	Opening balance	3 507 702	(1 237 092)
	Grants received	28 563 744	28 950 965
	Conditions met - Operating	(238 000)	(224 000)
	Conditions met - Capital	(26 507 700)	(23 982 171)
	Conditions still to be met/(Grant expenditure to be recovered)	<u><u>5 325 746</u></u>	<u><u>3 507 702</u></u>
	Housing grants was utilised for the development of erven and the erection of top structures.		
<b>21.7</b>	<b>Integrated National Electrification Grant</b>		
	Opening balance	(291 587)	(651 195)
	Grants received	-	3 000 000
	Conditions met - Capital	-	(2 640 392)
	Conditions still to be met/(Grant expenditure to be recovered)	<u><u>(291 587)</u></u>	<u><u>(291 587)</u></u>
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
<b>21.8</b>	<b>Library services</b>		
	Opening balance	800 000	400 000
	Grants received	9 764 000	9 639 000
	Conditions met - Operating	(9 764 000)	(9 239 000)
	Conditions met - Capital	(800 000)	-
	Conditions still to be met/(Grant expenditure to be recovered)	<u><u>-</u></u>	<u><u>800 000</u></u>
<b>21.9</b>	<b>Other Grants</b>		
	Opening balance	16 144 681	3 070 004
	Grants received	4 505 240	17 577 649
	Conditions met - Operating	(1 178 384)	(4 191 299)
	Conditions met - Capital	(8 232 278)	(311 672)
	Conditions still to be met/(Grant expenditure to be recovered)	<u><u>11 239 259</u></u>	<u><u>16 144 682</u></u>
	Various grants were received from other spheres of government of which the material ones are: RBIG R9.3 million and Essen R2.2 million, etc.		
<b>21.10</b>	<b>Total Grants</b>		
	Opening balance	48 861 409	7 707 655
	Grants received	194 841 515	197 748 771
	Conditions met - Operating	(131 476 065)	(110 456 473)
	Conditions met - Capital	(56 582 840)	(39 070 385)
	Write off / Transfers	(29 133 531)	(7 068 157)
	Conditions still to be met/(Grant expenditure to be recovered)	<u><u>26 510 488</u></u>	<u><u>48 861 411</u></u>
	<u>Disclosed as follows:</u>		
	Unspent Conditional Government Grants and Receipts	24 703 606	48 496 815
	Unspent Public Contributions	3 979 250	4 003 573
	Unpaid Conditional Government Grants and Receipts	<u><u>(2 172 368)</u></u>	<u><u>(3 638 977)</u></u>
		<u><u>26 510 488</u></u>	<u><u>48 861 411</u></u>



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

22	<b>SERVICE CHARGES</b>	<b>2021 R</b>	<b>2020 R</b>
	Electricity	276 642 088	258 382 622
	Water	46 289 114	42 853 245
	Refuse removal	34 109 824	32 235 749
	Sewerage and Sanitation Charges	42 570 075	39 992 999
		<u>399 611 101</u>	<u>373 464 615</u>
	Less: Revenue Forgone	(23 410 035)	(20 908 921)
	<b>Total Service Charges</b>	<b><u>376 201 066</u></b>	<b><u>352 555 694</u></b>
<p>Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.</p>			
23	<b>AGENCY SERVICES</b>		
<p>The municipality is collecting motor vehicle licence fees, motor registration and drivers licence fees on behalf of the Department of Transport and Public Works. Hence the municipality receives and commission on the collection of monies. The municipality act as an agent for the Department of Transport and Public Works, without any significant judgement to be applied. There was no changes in the terms and condition of the arrangement for the reporting year. The amounts as per note is inclusive of VAT - The amount retained as per the statement of financial performance is exclusive of VAT</p>			
	Opening Balance	(1 110 393)	256 368
	Funds collected	28 896 887	25 047 100
	Retained	(5 006 842)	(3 998 961)
	Paid	(22 518 184)	(20 194 114)
	Payable to principal	<u>261 468</u>	<u>1 110 393</u>
24	<b>OPERATIONAL REVENUE</b>		
	Insurance Refund	106 928	1 729 242
	Collection Charges	-	(152)
	Breakages and Losses Recovered	632	3 687
	Merchandising, Jobbing and Contracts	57 113	45 476
	Other	246 212	352 263
	<b>Total Operational Revenue</b>	<b><u>410 885</u></b>	<b><u>2 130 516</u></b>
25	<b>SALES OF GOODS AND RENDERING OF SERVICES</b>		
	Application Fees for Land Usage	139 118	64 223
	Building Plan Approval	1 009 001	767 915
	Camping Fees	1 383 904	3 188 912
	Cemetery and Burial	328 319	175 799
	Development Charges	110 605	108 876
	Entrance Fees	33 772	591 521
	Other	606 204	373 415
	<b>Total Sales of Goods and Rendering of services</b>	<b><u>3 610 923</u></b>	<b><u>5 270 661</u></b>
26	<b>EMPLOYEE RELATED COSTS</b>		
	Salaries and Wages	122 994 553	115 809 475
	Bargaining Council Levy	62 113	61 997
	Bonuses	9 443 139	9 312 172
	Contributions For Pensions	18 409 619	16 469 301
	Contributions For Medical Aids	8 014 063	8 133 228
	Contributions For UIF	957 748	926 672
	Group Life Insurance	2 053 200	1 814 843
	Housing Benefits and Allowances	1 819 262	1 545 176
	Leave Reserve	1 354 848	4 832 121
	Long service awards	798 000	878 787
	Overtime	10 535 351	10 763 375
	Standby Allowance	6 074 077	6 080 327
	Post Employment Health Care Benefits	1 823 000	2 020 946
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	7 342 732	6 674 848
	<b>Total Employee Related Costs</b>	<b><u>191 681 705</u></b>	<b><u>185 323 268</u></b>
<b>KEY MANAGEMENT PERSONNEL</b>			
<p>The Municipal Manager and Directors are appointed on fixed term contracts.</p>			



WITZENBERG MUNICIPALITY

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

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EMPLOYEE RELATED COSTS CONTINUED

REMUNERATION OF KEY MANAGEMENT PERSONNEL

*Remuneration of the Municipal Manager*

	2021 R	2020 R
Annual Remuneration	1 165 430	1 091 381
Performance Bonus	215 432	209 564
Travelling Allowance	108 000	108 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	269 234	262 360
Other Allowance	61 552	58 649
<b>Total</b>	<b>1 819 648</b>	<b>1 729 954</b>

*Remuneration of the Director Technical Services*

Annual Remuneration	747 080	691 123
Performance Bonus	176 105	171 308
Travelling Allowance	510 814	510 814
Contributions to UIF, Medical, Pension Funds and Bargaining Council	3 864	3 793
Travelling Expenses	648	31 673
Other Allowance	-	11 026
<b>Total</b>	<b>1 438 511</b>	<b>1 419 737</b>

*Remuneration of the Director Corporate Services*

Annual Remuneration	1 065 894	1 009 937
Performance Bonus	171 308	171 308
Travelling Allowance	192 000	195 119
Contributions to UIF, Medical, Pension Funds and Bargaining Council	3 864	-
Travelling Expenses	4 096	11 848
Other Allowance	50 316	79 206
<b>Total</b>	<b>1 487 478</b>	<b>1 467 418</b>

*Remuneration of the Director Financial Services - From 1 December 2020*

Annual Remuneration	392 662	-
Travelling Allowance	105 000	-
Housing Allowance	165 431	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	71 836	-
Travelling Expenses	2 007	-
<b>Total</b>	<b>736 935</b>	<b>-</b>

*Remuneration of the Acting Director Financial Services*

Annual Remuneration	404 455	924 469
Bonus	81 854	77 039
Travelling Allowance	68 555	159 547
Contributions to UIF, Medical, Pension Funds and Bargaining Council	74 488	168 301
Other Allowance	27 445	82 949
<b>Total</b>	<b>656 797</b>	<b>1 412 305</b>

The position of Director Financial Services was vacant for 5 months of the 2020 / 2021 financial year. A senior employee was delegated to perform the duties assigned to the post in legislation.



WITZENBERG MUNICIPALITY

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

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REMUNERATION OF COUNCILLORS

	2021 R	2020 R
<b>Executive Mayor</b>		
Annual Remuneration	574 367	573 750
Pension fund contributions	86 155	86 772
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	291 182	281 239
<b>Total</b>	<b>951 704</b>	<b>941 761</b>
<b>Deputy Mayor</b>		
Annual Remuneration	563 541	563 047
Pension fund contributions	84 531	85 024
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	114 465	119 848
<b>Total</b>	<b>762 536</b>	<b>767 919</b>
<b>Speaker</b>		
Annual Remuneration	561 922	569 433
Pension fund contributions	84 288	81 000
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	115 786	120 519
<b>Total</b>	<b>761 996</b>	<b>770 951</b>
<b>Mayoral Committee Members (4)</b>		
Annual Remuneration	2 068 036	2 070 249
Pension fund contributions	310 205	312 664
Medical aid contributions	82 033	77 425
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	385 879	400 557
<b>Total</b>	<b>2 846 153</b>	<b>2 860 896</b>
<b>Section 79 Committee Chairman</b>		
Annual Remuneration	289 932	273 284
Pension fund contributions	43 490	41 281
Medical aid contributions	29 596	48 452
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	40 939	42 478
<b>Total</b>	<b>403 956</b>	<b>405 495</b>
<b>Ordinary Councillors (15)</b>		
Annual Remuneration	3 558 817	3 550 513
Pension fund contributions	467 748	499 601
Medical aid contributions	112 862	89 737
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	717 256	717 214
<b>Total</b>	<b>4 856 683</b>	<b>4 857 065</b>

**In-kind Benefits**

The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Executive Mayor, Speaker and all the Mayoral committee members are provided with secretarial support and an office at the cost of the Council.

Each councillor received an regulation 11 (cell phone allowance) and 12 (mobile data bundles) benefit. However the regulation 12 benefits is utilised for the contract procured by the municipality for data and regulation 11 is paid to the councillor to obtain their own contract.

Where applicable, councillor who qualify also received an regulation 10 (Out of pocket expenses) payment.



WITZENBERG MUNICIPALITY

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

	2021 R	2020 R
<b>28 PROVISION FOR IMPAIRMENT</b>		
Receivables from exchange transactions: Contributions - Note 3	38 013 933	36 919 140
Receivables from exchange transactions: Reversals - Note 3	(16 164)	(18 368)
Receivables from non-exchange transactions: Contributions - Note 4	14 412 198	27 790 285
Receivables from non-exchange transactions: Reversals - Note 4	(17 544 670)	(14 168 690)
<b>Total Contribution to Debt Impairment</b>	<b><u>34 865 297</u></b>	<b><u>50 522 367</u></b>
<b>29 DEPRECIATION AND AMORTISATION</b>		
Property Plant and Equipment	29 414 290	30 504 658
Investment Property	281 026	279 891
Intangible Assets	386 959	397 887
Capitalised restoration cost	2 498 945	2 688 067
<b>Total Depreciation and Amortisation</b>	<b><u>32 581 220</u></b>	<b><u>33 870 503</u></b>
<b>30 FINANCE CHARGES</b>		
Borrowing	200 004	396 713
Finance leases	26 495	72 165
Ex-Gratia Pension	4 186	4 817
Post Employment Health Care Benefits	5 529 000	5 242 666
Long service awards	687 000	818 139
Non-current Provision	3 570 257	8 087 185
<b>Total finance charges</b>	<b><u>10 016 942</u></b>	<b><u>14 621 685</u></b>
<b>31 BULK PURCHASES</b>		
Electricity	239 632 251	221 831 359
<b>Total Bulk Purchases</b>	<b><u>239 632 251</u></b>	<b><u>221 831 359</u></b>
<b>32 CONTRACTED SERVICES</b>		
Tracing agents and debt collection	52 625	79 637
Legal Cost	4 333 008	2 386 851
Electrical	2 021 189	1 602 010
Maintenance Buiding and Facilities	689 740	664 973
Traffic Fines Management	299 752	1 167 352
Maintenance of Unspecified Assets	2 100 880	1 963 616
Business and Advisory	3 537 383	3 597 132
Security Services	21 702 696	18 315 669
Infrastructure and Planning	13 539 746	10 678 593
Other	3 470 564	4 197 620
	<b><u>51 747 583</u></b>	<b><u>44 653 453</u></b>
<b>33 TRANSFERS AND SUBSIDIES: OPERATIONAL EXPENDITURE</b>		
Public Schools	60 000	10 000
Bursaries (Non-Employee)	17 944	205 628
Eskom	5 000 000	-
Witzenberg Security Forum	564 000	425 000
Tourism	892 323	853 935
<b>Total Transfers and Subsidies: Operational Expenditure</b>	<b><u>6 534 267</u></b>	<b><u>1 494 563</u></b>

The transfer to Eskom is for upgrading of the electricity network feeding the Ceres area to increase the available electricity.





WITZENBERG MUNICIPALITY

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

	2021 R	2020 R
<b>34 OPERATIONAL COST</b>		
Advertising, Publicity and Marketing	661 146	569 986
Bank Charges, Facility and Card Fees	642 889	538 415
Commission	2 420 897	2 354 458
Communication	2 605 128	2 276 638
External Audit Fees	3 201 445	3 370 644
External Computer Service	2 952 034	2 849 699
Hire Charges	4 104 308	3 718 054
Insurance Underwriting	3 896 785	3 351 355
Learnerships and Internships	595 789	630 243
Levies Paid - Water Resource Management Charges	719 325	719 826
Licences	219 808	391 841
Printing, Publications and Books	356 820	327 246
Professional Bodies, Membership and Subscription	2 195 246	1 777 146
Remuneration to Ward Committee	1 359 000	1 352 000
Signage	504 115	344 316
Workmen's Compensation Fund	1 090 632	1 059 531
Transport Provided as Part of Departmental Activities	6 561	15 760
Travel and Subsistence	231 277	588 109
Uniform and Protective Clothing	760 141	701 086
Wet Fuel	5 789 728	5 770 150
Other	319 280	512 617
<b>Total Operational cost</b>	<b>34 632 354</b>	<b>33 219 120</b>
Minimum lease payments	-	249 794
Payable within one year	1 102 180	553 269
Payable between 1 and 5 years	285 989	-
<b>36 (IMPAIRMENT LOSS) / REVERSAL OF IMPAIRMENT</b>		
Property Plant & Equipment - Impairment loss	278 553	-
Property Plant & Equipment - Reversal	(714 729)	-
Property Plant & Equipment	1 085 669	-
<b>Total Impairments</b>	<b>649 493</b>	<b>-</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

37	CORRECTION OF ERROR IN TERMS OF GRAP 3	2020 R
37.01	<b>Trade and other Receivables from Exchange Transactions</b>	
	<b>Balance previously reported</b>	<b>57 741 665</b>
	Recognition of land sold 2018/2019 - Note 37,13	118 702
	Recognition of land sold 2018/2019 - Note 37,14	240 000
	Recognition of investment property sold 2019/2020- Note 37,07	120 000
	Recognition of land sold 2019/2020 - Note 37,05	5 480
	Recognition of land sold 2019/2020 - Note 37,05	454 050
	Correction of error: Deposit not recognised against debtor 2019/20- Note 37,14	(4 000)
	Correction of error: Deposit not recognised against debtor 2018/19 - Note 37,13	(22 000)
	Recognition of Industrial Effluent for 2019/20- Note 37,14	7 336 942
	Correction of error: Incorrect allocation of Proceeds on Disposal - Note 37,08	393 050
	<b>Balance now reported</b>	<b><u>66 383 889</u></b>
37.02	<b>Receivables from non-exchange transactions</b>	
	<b>Balance previously reported</b>	<b>11 257 354</b>
	Recognition of Fines issued 2019/20- Note 37,14	2 727 700
	Reduction of fines till June 2020 - Note 37,14	(8 400)
	Withdrawals of fines till June 2020 - Note 37,14	(224 800)
	Recognising the increase in provision due to unwinding of discount - Note 37,14	(1 101 950)
	<b>Balance now reported</b>	<b><u>12 649 904</u></b>
37.03	<b>Unpaid Conditional Government Grants and Receipts</b>	
	<b>Balance previously reported</b>	<b>2 502 217</b>
	Recognition of Grant spend 2018/2019 - Note 37,13	478 464
	Recognition of Grant spend 2019/2020 - Note 37,14	658 296
	<b>Balance now reported</b>	<b><u>3 638 977</u></b>
37.04	<b>Statutory Receivables: VAT</b>	
	<b>Balance previously reported</b>	<b>5 464 126</b>
	Correction of Retention Payable 2018/19 - Note 37,08	(1 907)
	Correction of Retention Payable 2019/20 - Note 37,08	167 860
	Correction Correction on Journal Entry 129/1 2019-20 - Note	(1 104)
	Correction of error Invoices received after year end closure - Note 37,08	16 831
	Correction of Adjustment of manual creditor - Note 37,08	66
	Recognition of Industrial Effluent for 2019/20- Note 37,01	(956 992)
	<b>Balance now reported</b>	<b><u>4 688 880</u></b>
37.05	<b>Property, Plant and Equipment</b>	
	<b>Balance previously reported</b>	<b>900 002 651</b>
	Correction of Retention Payable 2018/19 - Note 37,08	(9 315)
	Correction of Retention Payable 2019/20 - Note 37,08	55 608
	Recognition of land sold 2018/19 - Note 37,01	(72)
	Recognition of land sold 2018/19 - Note 37,01	(74 000)
	Correction of depreciation 2019/20 - Note 37,14	246 507
	Recognition of land sold 2019/20 - Note 37,01	(232 000)
	Roll Back of depreciation on land sold 2019/20 - Note 37,01	18 877
	Correction of depreciation in previous financial years - Note 37,14	577
	Correction of insurance write off in previous financial years - Note 37,14	(29 000)
	Correction of rehabilitation of landfill sites provision - Note 37,12	(5 611)
	Correction of depreciation in previous financial years - Note 37,14	(1 456 652)
	Transfer of asset from PPE to investment Property - Note 37,07	(794 040)
	<b>Balance now reported</b>	<b><u>897 723 530</u></b>
37.06	<b>Intangible Assets</b>	
	<b>Balance previously reported</b>	<b>1 575 924</b>
	Correction of depreciation 2019/20 - Note 37,14	1 850
	Correction of error: Adjustment of amortization 2019/20 - Note 37,14	69 473
	<b>Balance now reported</b>	<b><u>1 647 247</u></b>
37.07	<b>Investment Property</b>	
	<b>Balance previously reported</b>	<b>43 764 533</b>
	Recognition of investment property sold 2019/2020- Note 37,01	(43 000)
	Recognition of land sold 2018/19 - Note 37,01	(11 000)
	<b>Balance now reported</b>	<b><u>44 504 573</u></b>

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021  
CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUED

2020  
R

<b>37.08</b>	<b>Trade and Other Payables Exchange Transactions</b>	
	<b>Balance previously reported</b>	<b>52 842 744</b>
	Correction of Retention Payable 2018/19 - Note 37,05	(11 223)
	Correction of Retention Payable 2019/20 - Note 37,05	796 636
	Correction of error: Salary Control - Commision earned- Note 37,14	(324 070)
	Correction of error: Salary Control - Skill development- Note 37,14	(155 275)
	Correction of Depreciation of land disposed in previous financial years - Note 37,04	(1 104)
	Correction of error: Reallocation of expenditure incurred - Note 37,14	1 724
	Correction of error: Reversal incorrectly processed - Note 37,14	5 600
	Correction of error Invoices received after year end closure - Note 37,04	143 164
	Correction of Adjustment of manual creditor - Note 37,04	505
	Correction of error: Incorrect allocation of Proceeds on Disposal - Note 37,14	625 576
	Correction of error: Incorrect allocation of Sanlam Shares paid out - Note 37,14	(176 879)
	<b>Balance now reported</b>	<b><u>53 747 398</u></b>
<b>37.09</b>	<b>Current Employee benefits</b>	
	<b>Balance previously reported</b>	<b>25 901 033</b>
	Correction of error: Adjustment of Performance bonus - Note 37,14	268 544
	Correction of error: Adjustment of Leave Liability - Note 37,14	504 366
	<b>Balance now reported</b>	<b><u>26 673 944</u></b>
<b>37.10</b>	<b>Consumer Deposits</b>	
	<b>Balance previously reported</b>	<b>7 975 528</b>
	Correction of error: Rent refunded incorrectly posted against deposits- Note 37,14	(92 691)
	Correction of error: Restatement of Consumer Deposits- Note 37,14	427 439
	<b>Balance now reported</b>	<b><u>8 310 276</u></b>



WITZENBERG MUNICIPALITY

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

CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUED		2020 R
37.11	<b>Unspent Conditional Government Grants and Receipts</b>	
	<b>Balance previously reported</b>	<b>50 077 685</b>
	Recognition of Grant spend 2019/2020 - Note 37,14	(663 240)
	Correction of error: VAT on Transfers recognised - Note 37,14	(15 430)
	Correction of error: Recognition of grant expenditure - Note 37,14	(902 200)
	<b>Balance now reported</b>	<b>48 496 815</b>
37.12	<b>Non-Current Provisions</b>	
	<b>Balance previously reported</b>	<b>50 895 865</b>
	Correction of rehabilitation of landfill sites provision - Note 37,05	(6 727)
	<b>Balance now reported</b>	<b>50 889 138</b>
37.13	<b>Accumulated Surplus as at 30 June 2019</b>	
	<b>Balance previously reported</b>	<b>877 240 797</b>
	Recognition of land sold 2018/2019 - Note 37,01	118 702
	Recognition of land sold 2018/2019 - Note 37,01	239 928
	Recognition of Grant spend 2018/2019 - Note 37,03	478 464
	Deposit not recognised against debtor - Note 37,01	(22 000)
	Correction of error: Restatement of Consumer Deposits- Note 37,1	(307 450)
	<b>Balance now reported</b>	<b>877 748 441</b>
37.14	<b>Accumulated Surplus as at 30 June 2020</b>	
	<b>Balance previously reported</b>	<b>896 324 060</b>
	Correction of error - Accumulated Surplus as at 30 June 2019 - Note 37,13	507 644
	Recognition of Grant spend 2019/2020 - Note 37,01 and Note 37,11	1 321 536
	Correction of error - Maintenance expenditure Capitalized 2019/20 - Note 37,05	(138 555)
	Correction of error: Salary Control - Commission earned- Note 37,08	324 070
	Correction of error: Salary Control - Skill development- Note 37,08	155 275
	Correction of error: Adjustment of Performance bonus - Note 37,09	(268 544)
	Correction of error: VAT on Transfers recognised - Note 37,11	15 430
	Recognition of investment property sold 2019/20120- Note 37,01	77 000
	Recognition of land sold 2019/2020 - Note 37,01	(207 643)
	Correction of depreciation in previous financial years - Note 37,05	577
	Correction of insurance write off in previous financial years - Note 37,05	(29 000)
	Correction of depreciation in previous financial years - Note 37,05	248 357
	Recognition of land sold 2018/19 - Note 37,01	369 050
	Correction of error: Deposit not recognised against debtor 2019/20- Note 37,01	(4 000)
	Correction of error: Rent refunded incorrectly posted against deposits- Note 37,1	92 691
	Correction of error: Reallocation of expenditure incurred - Note 37,08	(1 724)
	Correction of error: Reversal incorrectly processed - Note 37,08	(5 600)
	Correction of error Invoices received after year end closure - Note 37,04	(126 333)
	Correction of Adjustment of manual creditor - Note 37,04	(439)
	Correction of error: Recognition of grant expenditure - Note 37,11	902 200
	Recognition of Industrial Effluent for 2019/20- Note 37,01	6 379 949
	Correction of rehabilitation of landfill sites provision - Note 37,05	1 116
	Recognition of Fines issued 2019/20- Note 37,02	2 727 700
	Reduction of fines till June 2020 - Note 37,02	(8 400)
	Withdrawals of fines till June 2020 - Note 37,02	(224 800)
	Recognising the increase in provision due to unwinding of discount - Note 37,02	(1 101 950)
	Correction of Retention Payable 2019/20 - Note 37,05	(434 612)
	Correction of error: Adjustment of amortization 2019/20 - Note 37,06	69 473
	Correction of depreciation in previous financial years - Note 37,05	(1 456 652)
	Correction of error: Restatement of Consumer Deposits- Note 37,1	(119 989)
	Correction of error: Adjustment of Leave Liability - Note 37,09	(504 366)
	Correction of error: Incorrect allocation of Proceeds on Disposal - Note 37,01	(232 526)
	Correction of error: Incorrect allocation of Sanlam Shares paid out - Note 37,08	176 879
	<b>Balance now reported</b>	<b>904 827 874</b>
37.15	<b>Fines, Penalties and Forfeits</b>	
	<b>Balance previously reported</b>	<b>19 654 087</b>
	Recognition of Fines issued 2019/20- Note 37,02	2 727 700
	Reduction of fines till June 2020 - Note 37,02	(8 400)
	Withdrawals of fines till June 2020 - Note 37,02	(224 800)
	<b>Balance now reported</b>	<b>22 148 587</b>
37.16	<b>Surcharges and Taxes</b>	
	<b>Balance previously reported</b>	<b>2 284 567</b>
	Correction of error: VAT on Transfers recognised - Note 37,14	15 430
	<b>Balance now reported</b>	<b>2 299 997</b>
37.17	<b>Government Grants and Subsidies - Capital</b>	
	<b>Balance previously reported</b>	<b>13 442 260</b>
	Recognition of Grant spend 2019/2020 - Note 37,07 and Note 37,14	1 321 536
	Correction of error: Recognition of grant expenditure - Note 37,11	805 000
	<b>Balance now reported</b>	<b>15 568 796</b>



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

<b>CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUED</b>		<b>2020</b>
		<b>R</b>
<b>37.18</b>	<b>Operational Revenue</b>	
	<b>Balance previously reported</b>	<b>1 806 446</b>
	Correction of error: Salary Control - Commision earned- Note 37,14	324 070
	<b>Balance now reported</b>	<u><u><b>2 130 516</b></u></u>
<b>37.19</b>	<b>Rental from Fixed Assets</b>	
	<b>Balance previously reported</b>	<b>3 905 053</b>
	Correction of error: Restatement of Consumer Deposits- Note 37,14	(119 988)
	Correction of error: Rent refunded incorrectly posted against deposits - Note 37,29	92 691
	<b>Balance now reported</b>	<u><u><b>3 877 756</b></u></u>
<b>37.20</b>	<b>Employee related costs</b>	
	<b>Balance previously reported</b>	<b>185 058 110</b>
	Correction of error: Salary Control - Skills Levy- Note 37,14	(155 275)
	Correction of error: Adjustment of Performance bonus - Note 37,14	268 544
	Correction of error: Incorrect Allocation of Legal Cost against Employee Related Cost - Note 37,25	(175 600)
	Correction of error: Adjustment of Leave Liability - Note 37,14	504 366
	Correction of error: Incorrect allocation of Sanlam Shares paid out - Note 37,14	(176 879)
	<b>Balance now reported</b>	<u><u><b>185 323 267</b></u></u>
<b>37.21</b>	<b>Impairment</b>	
	<b>Balance previously reported</b>	<b>49 420 416</b>
	Recognising the increase in provision due to unwinding of discount - Note 37,14	1 101 950
	<b>Balance now reported</b>	<u><u><b>50 522 366</b></u></u>
<b>37.22</b>	<b>Inventory Consumed</b>	
	<b>Balance previously reported</b>	<b>14 194 012</b>
	Correction of error: Reallocation of expenditure incurred - Note 37,14	1 599
	Correction of error: Invoices received after year end closure - Note 37,04	102 870
	Correction of Adjustment of manual creditor - Note 37,04	439
	<b>Balance now reported</b>	<u><u><b>14 298 919</b></u></u>
<b>37.23</b>	<b>Depreciation and Amortisation</b>	
	<b>Balance previously reported</b>	<b>32 732 258</b>
	Correction of depreciation in previous financial years - Note 37,05	(248 357)
	Correction of depreciation in previous financial years - Note 37,14	(577)
	Correction of error: Adjustment of amortization 2019/20 - Note 37,14	(69 473)
	Correction of depreciation in previous financial years - Note 37,14	1 456 652
	<b>Balance now reported</b>	<u><u><b>33 870 503</b></u></u>
<b>37.24</b>	<b>Bulk Purchases</b>	
	<b>Balance previously reported</b>	<b>221 822 019</b>
	Correction of error Invoices received after year end closure - Note 37,04	9 340
	<b>Balance now reported</b>	<u><u><b>221 831 359</b></u></u>
<b>37.25</b>	<b>Contracted Services</b>	
	<b>Balance previously reported</b>	<b>44 029 119</b>
	Correction of error: Incorrect Allocation of Legal Cost against Employee Related Cost - Note 37,2	175 600
	Correction of error Invoices received after year end closure - Note 37,04	14 123
	Correction of Retention Payable 2019/20 - Note 37,08	434 612
	<b>Balance now reported</b>	<u><u><b>44 653 453</b></u></u>
<b>37.26</b>	<b>Operational Cost</b>	
	<b>Balance previously reported</b>	<b>33 074 842</b>
	Correction of error - Maintenance expenditure Captilized 2019/20 - Note 37,05	138 555
	Correction of error: Reallocation of expenditure incurred - Note 37,08	125
	Correction of error: Reversal incorrectly processed - Note 37,08	5 600
	<b>Balance now reported</b>	<u><u><b>33 219 122</b></u></u>
<b>37.27</b>	<b>Gain / (loss) on disposal of assets</b>	
	<b>Balance previously reported</b>	<b>(474 170)</b>
	Recognition of investment property sold 2019/20120- Note 37,14	77 000
	Recognition of land sold 2019/2020 - Note 37,14	(207 643)
	Correction of insurance write off in previous financial years - Note 37,14	(29 000)
	Recognition of land sold 2018/19 - Note 37,14	369 050
	Correction of error: Incorrect allocation of Proceeds on Disposal - Note 37,14	(232 527)
	<b>Balance now reported</b>	<u><u><b>(497 290)</b></u></u>
<b>37.28</b>	<b>CASH FLOW STATEMENT: Receipts from Property Rates and other Taxes</b>	
	<b>Balance previously reported</b>	<b>70 574 561</b>
	Correction of error: VAT on Transfers recognised - Note 37,3	15 430
	<b>Balance now reported</b>	<u><u><b>70 589 991</b></u></u>



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUED**

	<b>2020</b>
	<b>R</b>
<b>37.29 CASH FLOW STATEMENT: Receipts from sales of goods and services</b>	
<b>Balance previously reported</b>	<b>321 336 772</b>
Change in output VAT included in payments to suppliers and not receipts from sales - Note 37,31	2 905 411
Correction of error: Salary Control - Commission earned- Note 37,14	324 070
Correction of error: Rent refunded incorrectly posted against deposits - Note 37,35	92 691
Correction of error: Deposit not recognised against debtor 2019/20- Note 37,14	(4 000)
Correction of error: Restatement of Consumer Deposits- Note 37,1	(119 988)
<b>Balance now reported</b>	<b>324 534 956</b>
<b>37.30 CASH FLOW STATEMENT: Receipts from Government Grants</b>	
<b>Balance previously reported</b>	<b>188 396 049</b>
Correction of error: VAT on Transfers recognised - Note 37,27	(15 431)
<b>Balance now reported</b>	<b>188 380 618</b>
<b>37.31 CASH FLOW STATEMENT: Payments in respect of employee cost</b>	
<b>Balance previously reported</b>	<b>(181 177 164)</b>
Correction of error: Salary Control - Skills Levy- Note 37,2	155 275
Correction of error: Incorrect Allocation of Legal Cost against Employee Related Cost- Note 37,32	175 600
Correction of error: Incorrect allocation of Sanlam Shares paid out - Note 37,08	176 878
<b>Balance now reported</b>	<b>(180 669 411)</b>
<b>37.32 CASH FLOW STATEMENT: Payments to suppliers</b>	
<b>Balance previously reported</b>	<b>(346 308 872)</b>
Change in output VAT included in payments to suppliers and not receipts from sales - Note 37,29	(2 905 411)
Correction of Retention Payables - Note 37,33	55 609
Correction of error: Salary Control - Commission earned- Note 37,14	(324 070)
Correction of error: Salary Control - Skills Levy- Note 37,2	(155 275)
Correction of error: Incorrect Allocation of Legal Cost against Employee Related Cost- Note 37,31	(175 600)
Correction of error: Incorrect allocation of Sanlam Shares paid out - Note 37,08	(176 879)
Correction of sale of land deposits - Note 37,34	625 577
<b>Balance now reported</b>	<b>(349 364 920)</b>
<b>37.33 CASH FLOW STATEMENT: Purchase of Property, Plant and Equipment</b>	
<b>Balance previously reported</b>	<b>(34 452 568)</b>
Correction of Retention Payables - Note 37,32	(55 609)
<b>Balance now reported</b>	<b>(34 508 177)</b>
<b>37.34 CASH FLOW STATEMENT: Proceeds on Disposal of Property, Plant and Equipment</b>	
<b>Balance previously reported</b>	<b>649 193</b>
Correction of error: Deposit not recognised against debtor 2019/20- Note 37,14	4 000
Correction of sale of land deposits - Note 37,32	(625 577)
<b>Balance now reported</b>	<b>27 616</b>
<b>37.35 CASH FLOW STATEMENT: Increase in Consumer Deposits</b>	
<b>Balance previously reported</b>	<b>827 224</b>
Correction of error: Rent refunded incorrectly posted against deposits - Note 37,29	(92 691)
Correction of error: Restatement of Consumer Deposits- Note 37,14	119 988
<b>Balance now reported</b>	<b>854 521</b>

**38 CHANGE IN ACCOUNTING ESTIMATE**

Change in Useful lives

The municipality has reassessed the useful lives of Property plant and equipment and Intangible Asset which resulted in changes in depreciation and amortisation charges. The effect of the change in accounting estimate has resulted in the following movements for the current and future periods on the affected capital assets:

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<u>Movement in depreciation and amortisation</u>				
Before change in estimate	868 762			
After change in estimate	1 580 076	1 580 076	1 580 076	1 580 076
Net effect	<u>711 314</u>	<u>1 580 076</u>	<u>1 580 076</u>	<u>1 580 076</u>

The municipality has made an adjustment to Fines Revenue relating to previous financial years. These adjustments were accounted for prospectively and the effect thereof can be summarised as follow:

<u>Movement in fines revenue</u>	
Before change in estimate	11 603 892
After change in estimate	11 591 892
Net effect	<u>(12 000)</u>



WITZENBERG MUNICIPALITY

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

39	RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS	2021 R	2020 R
	Surplus/(Deficit) for the year	29 141 422	27 342 177
	<b>Adjustments for:</b>		
	Depreciation	32 194 261	33 472 615
	Amortisation of Intangible Assets	386 959	397 887
	Gain / (loss) on disposal of assets	66 047	497 290
	Gain / (loss) on Adjustment of Provision	(2 204 355)	(37 138 937)
	Debt Impairment	34 865 297	50 522 366
	Stock Adjustments	-	(52)
	Contribution from/to provisions	3 570 257	8 087 185
	Contribution from/to employee benefits	(547 404)	4 653 857
	Interest cost - Employee Benefits	6 220 186	6 065 622
	Gain / (loss) on Actuarial Valuations	5 317 725	(8 557 961)
	(Impairment loss) / Reversal of impairment loss	649 494	-
	Finance lease: deemed loan expenditure	(481 811)	(436 140)
	Bad Debts Written Off	17 560 944	14 187 058
	Operating Surplus/(Deficit) before changes in working capital	<u>126 739 022</u>	<u>99 092 967</u>
	Changes in working capital	(75 228 309)	(28 129 830)
	Increase/(Decrease) in Trade and Other Payables	4 827 430	3 336 913
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(23 793 209)	38 400 236
	Increase/(Decrease) in Unspent Public Contributions	(24 323)	1 784 277
	Increase/(Decrease) in Taxes	2 445 284	5 264 182
	(Increase)/Decrease in Inventory	1 638 419	91 160
	(Increase)/Decrease in Trade and other receivables	(61 788 520)	(77 975 842)
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	1 466 609	969 244
	<b>Cash generated/(absorbed) by operations</b>	<b><u>51 510 713</u></b>	<b><u>70 963 137</u></b>
	<b>40 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
	Cash and Cash Equivalents - Note 2	115 305 213	130 394 398
	Less:	24 703 606	48 496 815
	Unspent Committed Conditional Grants - Note 6	<u>24 703 606</u>	<u>48 496 815</u>
	<b>Resources available for working capital requirements</b>	<b>90 601 607</b>	<b>81 897 583</b>
	<b>Allocated to:</b>		
	Capital Replacement Reserve	10 442 209	10 617 534
	Employee Benefits Reserve	99 293 206	88 302 702
	Non-Current Provisions Reserve	102 375 838	50 889 138
	<b>Shortfall in working capital requirements</b>	<b><u>(121 509 646)</u></b>	<b><u>(67 911 791)</u></b>
	<b>41 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
	Long-term Liabilities - Note 16	2 774 921	4 587 602
	Used to finance property, plant and equipment - at cost	<u>(2 774 921)</u>	<u>(4 587 602)</u>
		<u>-</u>	<u>-</u>

**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

<b>42</b>	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>	<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
<b>42.1</b>	<b>Irregular expenditure</b>		
	Reconciliation of irregular expenditure:		
	Opening balance	27 674 357	-
	Irregular expenditure identified current year but relating to prior year		19 358 608
	Irregular expenditure current year		8 315 750
	Approved by Council	(27 674 357)	-
	Irregular expenditure awaiting further action	<u>-</u>	<u>27 674 357</u>

SCM Regulation 32 contracts classified as irregular during audit process by AGSA. The contracts used of other organs of state was on rates with no fixed quantities and therefore it cannot be said that any part of the contract is irregular or the whole contract as currently disclosed. The municipality is not in agreement with this view and this issue will be dealt with in terms of the audit engagement letter process. Prior and current year being disclosed as per opinion of AGSA.	Matter will be dealt with in terms of applicable laws and regulations.
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**Unauthorised expenditure**

Reconciliation of unauthorised expenditure:

Opening balance	-	-
Unauthorised expenditure current year - capital	333 615	
Unauthorised expenditure current year - operating	1 602 226	-
Condoned by council	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<u>1 935 841</u>	<u>-</u>

Unauthorised expenditure on operating votes are due to:

- Capital
- Recognition of retention money on sport fields project.
  
- Operating
- Recognition of provision for impairment and write-offs of traffic fines. The service provider responsible for collecting ended his contract prematurely.

**43 MATERIAL LOSSES**

<b>43.1</b>	<b>Water distribution losses</b>		
	- Kilolitres purified	7 187 597	6 708 325
	- Kilolitres sold	6 316 713	5 699 704
	- Kilolitres lost during distribution	870 884	1 008 621
	- Percentage lost during distribution	12.12%	15.04%
	- Value of kilolitres lost during distribution	355 946	379 461
	- The value of kilolitres lost is based on the treatment cost of water.		

The estimated consumption for public open spaces and informal houses are calculated on a conservative bases using baseline consumption estimations provided by the Department of Water Affairs. Water meters will be installed to measure the mentioned consumption in the future.

<b>43.2</b>	<b>Electricity distribution losses</b>		
	- Units purchased (Kwh)	201 693 361	199 707 113
	- Units sold (Kwh)	179 910 798	178 372 915
	- Units lost during distribution (Kwh)	21 782 563	21 334 198
	- Percentage lost during distribution	10.80%	10.68%
	- Value of units lost during distribution (Rand)	25 879 903	23 697 674

The electricity losses are in line with the guideline of the National Energy Regulator of South Africa of 10%



WITZENBERG MUNICIPALITY

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

44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

Opening balance		
Council subscriptions	2 149 856	1 761 709
Amount paid - current year	(2 149 856)	(1 761 709)
<b>Balance unpaid (included in Payables from exchange transactions)</b>	<u>-</u>	<u>-</u>

44.2 **Audit fees - [MFMA 125 (1)(c)]**

Opening balance	-	-
Current year audit fee	3 426 363	3 570 644
External Audit - Auditor-General	3 201 445	3 370 644
Audit Committee	224 918	200 000
Amount paid - current year	3 426 363	3 570 644
<b>Balance unpaid (included in Payables from exchange transactions)</b>	<u>-</u>	<u>-</u>

44.3 **VAT - [MFMA 125 (1)(c)]**

Opening balance	4 776 156	4 639 016
Amounts received - Output VAT - current year	(52 662 549)	(48 942 922)
Amounts claimed - Input VAT - current year	56 420 876	47 873 462
Amount paid - current year	3 622 954	3 421 728
Amount - previous year	(3 421 728)	(2 215 128)
<b>Closing balance</b>	<u>8 735 709</u>	<u>4 776 156</u>

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

44.4 **PAYE, SDL and UIF - [MFMA 125 (1)(c)]**

Opening balance	-	-
Current year payroll deductions and Council Contributions	28 152 039	26 241 997
Amount paid - current year	(27 913 629)	(26 241 997)
<b>Balance unpaid (included in Payables from exchange transactions)</b>	<u>238 410</u>	<u>-</u>

44.5 **Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]**

Opening balance	-	-
Current year payroll deductions and Council Contributions	44 717 195	41 601 006
Amount paid - current year	(44 717 195)	(41 601 006)
<b>Balance unpaid (included in Payables from exchange transactions)</b>	<u>-</u>	<u>-</u>



WITZENBERG MUNICIPALITY

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

	2021 R	2020 R
<b>44.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</b>		
During the financial year the following Councillors were outstanding for more than 90 days at any instance		
Schuurman	1 867	-
Heradien	333	-
Abrahams	15 872	-
Klaasen	12 472	12 336
<b>Total Councillor Arrear Consumer Accounts</b>	<b>30 542</b>	<b>12 336</b>

Klaasen has lodged a dispute in terms of the municipal account

Councillors outstanding for more than 90 days as at 30 June 2021:

Abrahams	13 673	-
Klaasen	12 472	12 336
<b>Total Councillor Arrear Consumer Accounts at year end</b>	<b>26 144</b>	<b>12 336</b>

**44.7 Discloser in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005**

**Regulation 36 (2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1) (a)**

2020/2021	Amount	Single Supplier	Type of deviation		
			Impossible	Impractical	Emergency
July	1 837 705	7	0	9	4
August	258 565	2	0	1	0
September	280 026	6	0	3	2
October	364 300	5	0	3	0
November	2 007 074	11	0	4	1
December	1 111 124	6	0	4	2
January	148 231	2	0	0	0
February	221 689	5	0	2	0
March	384 047	14	0	6	2
April	110 358	3	0	4	1
May	3 051 131	17	0	26	4
June	6 268 554	14	0	11	10
	<b>16 042 804</b>	<b>92</b>	<b>0</b>	<b>73</b>	<b>26</b>
2019/2020	Amount	Single Supplier	Impossible	Impractical	Emergency
July	368 104	2	0	4	0
August	246 660	8	0	3	1
September	1 709 007	9	0	1	0
October	699 130	9	0	1	0
November	61 422	5	0	3	2
December	1 448 040	5	0	1	2
January	1 599 455	9	0	6	2
February	56 813	4	0	0	0
March	558 784	4	0	5	4
April	128 929	0	0	0	6
May	394 890	1	0	0	4
June	679 637	5	0	6	5
	<b>7 950 870</b>	<b>61</b>	<b>0</b>	<b>30</b>	<b>26</b>



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

2021  
R

44.8 **Regulation 45 - Details of awards made to close family members of persons in service of State**

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Williams Loodgieters	SR Williams	Spouse	R Williams	Dept. of Health: Nurse	R 54 600
Freddie Opperman	Freddie Opperman	Spouse	J Opperman	Western Cape Education Department: Teacher	R 63 722
SEW Plumbing	SE Williams	Spouse	L Williams	Dept. of Health: Admin Officer	R 114 399
		Son	R Williams	Dept. of Health: Nurse	
Regan Brown Attorneys	R Brown	Brother	E Johnson	City of Cape Town: Traffic Dept	R 67 104
		Brother	D Johnson	SAPS: Worcester	
O'Neill & Visser Attorneys	CW O'Neill	Spouse	H O'Neill	DOJ: Worcester	R 254 998
Vox Elektries	F Blom	Spouse	M Blom	SAPS: Officer	R 18 345
RJC Conservation Servises	R Prins	Son	Prins	Chief Professional Nurse: Wolseley Clinic Dep of Health	R 28 000
JC Fencing	JJ Abrahamse	Father	K Abrahamse	Witzenberg Municipality: Traffic Officer	R 18 831
Leibrandt Training Academy	Nina Benjamin	Spouse	Heinrich Benjamin	SAPS Colonel	R 17 415
WRP Consulting Engineers (PTY) Ltd	Pieter van Rooyen	Spouse	Zelmarie van Rooyen	Department of Public Works: Chief Town Planner	R 3 600
	Takalani Mamphitha	Spouse	Katlego Mamphitha	SABC: Systems Administrator	
WAB Print Media (Pty) Ltd	Wayne Brink	Spouse	Adelene Brink	Drakenstein Municipality	R 1 565
Hilmarlandscape (Pty) Ltd	Helgardt Louw	Brother	R Louw	Witzenberg Municipality: Plumbing	R 500
Piston Power Chemicals (Pty) Ltd	Ujush Andhee	Spouse	Nadira Andhee	Educator: Department of Education KZN	R 42 448
Motheo Construction	L Mashau	Brother	R Manlhabi	Department of Home Affairs; Department of Statistics	R 1 622 726
RJ Designs	R Jacobs		C Africa	Saldanha Bay Municipality Assistant Librarian	R 1 950



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**2020**  
**R**

**Regulation 45 - Details of awards made to close family members of persons in service of State - continued**

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Williams Loodgieters	SR Williams	Spouse	R Williams	Dept. of Health: Nurse	R 62 097
Freddie Opperman	Freddie Opperman	Spouse	J Opperman	Western Cape Education Department: Teacher	R 22 660
SEW Plumbing	SE Williams	Spouse	L Williams	Dept. of Health: Admin Officer	R 52 099
		Son	R Williams	Dept. of Health: Nurse	
Regan Brown Attorneys	R Brown	Brother	E Johnson	City of Cape Town: Traffic Dept	R 593 670
		Brother	D Johnson	SAPS: Worcester	
O'Neill & Visser Attorneys	CW O'Neill	Spouse	H O'Neill	DOJ: Worcester	R 181 690
Vox Elektries	F Blom	Spouse	M Blom	SAPS: Officer	R 10 533
RJC Conservation Servises		Son	Prins	Chief Professional Nurse: Wolseley Clinic Dep of Health	R 363 650
JC Fencing	JJ Abrahamse	Father	K Abrahamse	Witzenberg Municipality: Traffic Officer	R 18 830
Mubesko Africa (Pty) Ltd	Nico & Marthina De kock		Janine Niehaus	Dietician Northern Cape Department of health	R 18 000
			Lizette Saaiman	Curriculum Advisor Northern Cape Department of Health	
WAB Print Media (Pty) Ltd	Wayne Brink	Spouse	Adelene Brink	Drakenstein Municipality	R 1 990
AJ Rankin Basson Sport BK	J Wessels	Spouse	MJL Wessels	Witzenberg Municipality Social Worker	R 8 100
T Square Framing (Arts and Events Skill Development)(Pty) Ltd	Van Rooi Theofilus & Maria	Daughter	Mariana Cornelius	Clinic - Supervisor	R 1 250

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**COMMITMENTS**

**Commitments in respect of expenditure:**

Approved and contracted for		163 106 774	115 023 865
Infrastructure		36 610 193	47 535 480
Community		59 515 036	1 894 894
Other Capital		3 984 656	11 132 328
Operational		62 996 889	54 461 163
Approved but not yet contracted for		-	1 294 967
Infrastructure		-	1 029 851
Operational		-	265 116
<b>Total</b>		<b>163 106 774</b>	<b>116 318 831</b>



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

46

**FINANCIAL RISK MANAGEMENT**

**2021  
R**

**2020  
R**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

0.5% Increase in interest rates	562 604	628 987
0.5% Decrease in interest rates	(562 604)	(628 987)

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss. Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

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

All rates and services are payable within 30 days from invoice date. Refer to note 3 and 4 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 3 for balances included in receivables that were re-negotiated for the period under review.

**Balances past due not impaired:**

	2021 %	2021 R	2020 %	2020 R
<u>Exchange Receivables</u>				
Electricity	88.74%	48 602 002	100.00%	40 952 315
Water	6.85%	7 188 001	9.72%	8 517 544
Housing Rentals	17.08%	410 607	19.46%	405 107
Refuse	5.71%	3 428 186	7.44%	3 561 518
Sewerage	14.54%	8 617 727	21.15%	10 516 667
Other	8.75%	113 942	19.36%	269 923
Land Sales	100.00%	1 133 310	100.00%	2 038 360
	<u>24.32%</u>	<u>69 493 774</u>	<u>27.88%</u>	<u>66 261 434</u>

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 3 and 4 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

46

## FINANCIAL RISK MANAGEMENT CONTINUED

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

	2021 %	2021 R	2020 %	2020 R
<u>Exchange Receivables</u>				
Electricity	2.88%	6 169 034	3.40%	5 832 522
Water	45.60%	97 703 889	46.20%	79 150 326
Housing Rentals	0.93%	1 993 487	0.98%	1 677 019
Refuse	26.41%	56 591 185	25.87%	44 316 299
Sewerage	23.63%	50 632 172	22.89%	39 218 983
Other	0.55%	1 187 880	0.66%	1 123 958
	<u>100.00%</u>	<u>214 277 648</u>	<u>100.00%</u>	<u>171 319 108</u>

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

	2021 %	2021 R	2020 %	2020 R
Residential	95.90%	205 494 465	95.90%	164 289 505
Commercial	2.03%	4 353 570	2.43%	4 161 077
Other	2.07%	4 429 612	1.67%	2 868 526
	<u>100.00%</u>	<u>214 277 648</u>	<u>100.00%</u>	<u>171 319 108</u>

Bad debts written off per debtor class:

<u>Exchange Receivables</u>				
Water management	44.45%	(7 234)	53.30%	(9 790)
Waste management	30.83%	(5 018)	28.83%	(5 296)
Waste water management	23.85%	(3 882)	17.51%	(3 217)
Other	0.86%	(141)	0.35%	(65)
	<u>100.00%</u>	<u>(16 274)</u>	<u>100.00%</u>	<u>(18 368)</u>

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

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

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

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

	2021 R	2020 R
Receivables from exchange transactions	71 504 141	66 383 889
Cash and Cash Equivalents	115 295 816	130 384 998
Unpaid conditional grants and subsidies	2 172 368	3 638 977
	<u>188 972 325</u>	<u>200 407 864</u>



## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

46

## FINANCIAL RISK MANAGEMENT CONTINUED

## (e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2021</b>				
Borrowing	1 762 766	1 250 670	-	-
Capital repayments	1 586 619	1 188 300	-	-
Interest	176 147	62 370	-	-
Trade and Other Payables	42 910 747	-	-	-
Unspent conditional government grants and receipts	24 703 606	-	-	-
	<b>69 377 119</b>	<b>1 250 670</b>	<b>-</b>	<b>-</b>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2020</b>				
Borrowing	2 301 293	2 848 336	-	-
Capital repayments	1 967 784	2 619 815	-	-
Interest	333 509	228 521	-	-
Trade and Other Payables	38 265 638	-	-	-
Unspent conditional government grants and receipts	48 496 815	-	-	-
	<b>89 063 746</b>	<b>2 848 336</b>	<b>-</b>	<b>-</b>

WITZENBERG MUNICIPALITY

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

47	<b>FINANCIAL INSTRUMENTS</b>		2021 R	2020 R
	In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:			
	The fair value of financial instruments approximates the amortised costs as reflected bellow.			
47.1	<b><u>Financial Assets</u></b>	<b><u>Classification</u></b>		
	<b>Receivables</b>			
	Receivables from exchange transactions	Financial instruments at amortised cost	71 504 141	66 383 889
	<b>Other Receivables</b>			
	Government Subsidies and Grants	Financial instruments at amortised cost	2 172 368	3 638 977
	<b>Short-term Investment Deposits</b>			
	<b>Bank Balances</b>			
	Bank Balances	Financial instruments at amortised cost	115 295 816	130 384 998
			<u>188 972 325</u>	<u>200 407 864</u>
	<b>SUMMARY OF FINANCIAL ASSETS</b>			
	Financial instruments at amortised cost		188 972 325	200 407 864
	<b>At amortised cost</b>		<u>188 972 325</u>	<u>200 407 864</u>
47.2	<b><u>Financial Liability</u></b>	<b><u>Classification</u></b>		
	<b>Long-term Liabilities</b>			
	Annuity Loans	Financial instruments at amortised cost	1 188 302	2 619 817
	<b>Payables from exchange transactions</b>			
	Trade creditors	Financial instruments at amortised cost	11 389 843	9 203 933
	Retentions	Financial instruments at amortised cost	3 358 724	3 518 982
	Deposits	Financial instruments at amortised cost	101 181	(6 285)
	Other	Financial instruments at amortised cost	31 419 723	29 067 990
	<b>Other Payables</b>			
	Government Subsidies and Grants	Financial instruments at amortised cost	24 703 606	48 496 815
	<b>Current Portion of Long-term Liabilities</b>			
	Annuity Loans	Financial instruments at amortised cost	1 586 619	1 485 974
	Capitalised Lease Liability	Financial instruments at amortised cost	-	481 811
			<u>73 747 998</u>	<u>94 869 037</u>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>			
	Financial instruments at amortised cost		<u>73 747 998</u>	<u>94 869 037</u>





**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	2021 R	2020 R
<b>48 PRIVATE PUBLIC PARTNERSHIPS</b>		
Council has not entered into any private public partnerships during the financial year.		
<b>49 CONTINGENT LIABILITY</b>		
Claims against Council	<u>9 645 563</u>	<u>7 899 247</u>
Estimate legal Fees	<u>-</u>	<u>970 000</u>

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. Management are respectfully of opinion that this matter will be successfully defended. The Municipality is defending all the claims. The amounts indicated is Management's estimated financial exposure. The following are naritives of the cases:

Party	Description of Claim	2021 R	2020 R
R Du Plessis	Claim in term of Labour Relations Act 66 of 1995		508 000
M Maflika & 2 others	Labour Court case no C1113/18		57 000
D J Ngxingweni & 2 others	Labour Court case no C816/19		320 000
Ceres Koekedouw Management Committee	The purchase agreement of the Vredebes Farm includes 15 hectares water rights. The Ceres Koekedouw Management Committee now claims that Witzenberg Municipality is part of their historical loan agreements and therefore responsible for a portion of the repayment of their loan. The purchase agreement however is silent on the loan.	889 892	889 892
South African Revenue Services	The municipality has submitted a VAT ruling application to the South African Revenue Services (SARS) relating to the output tax treatment of the library grants received and/or receivable from the Western Cape Department of Cultural Affairs (DCAS). The municipality has previously submitted a non-binding VAT ruling to the SARS, whereupon SARS informed us that we need to confirm from the DCAS if the library function has been assigned to the municipality as contemplated in the Constitution of South Africa. At the date of the VAT ruling application, the DCAS did not confirm if the library function has been assigned to the municipality. We have submitted the VAT ruling application to the SARS on the basis that the library function is not assigned to the municipality, as we could not find any evidence confirming that the library function has been assigned to the municipality. The municipality now awaits the outcome of the library function VAT ruling outcome from the SARS.	6 555 250	5 538 589
Gunter C Mrs	Plaintiff claims damages from the municipality after she fell on the sidewalk. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	585 766	585 766
Smith WJ	Stepped into hole of manhole cover on c/o Friesland & Delta Street, Bella Vista. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	628 370	
Rooi JCR	Broke ankle after stepping in open storm channel. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	986 285	

<u>9 645 563</u>	<u>7 899 247</u>
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**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

50	<b>CONTINGENT ASSET</b>	<b>2021 R</b>	<b>2020 R</b>
	With the review of the municipality's housing arrangement accounting, the municipality also reviewed its housing input tax VAT treatment relating to the payment of its housing implementing agents. The housing VAT sections of the Value-Added Tax Act, 1991 as amended, is inherently complex. As a consequence of our housing VAT review, the municipality has submitted a VAT ruling application the SARS confirming if the municipality can reclaim input tax for VAT purposes from the payments made to its implementing agent for the housing projects. Note that the municipality is the developer of the housing projects considered and the implementing agents are performing housing construction services to the municipality for the houses that the municipality sells to the housing beneficiaries. The municipality now awaits the outcome of the housing VAT ruling outcome from the SARS. In the event that the SARS issue a positive VAT ruling.	20 975 483	20 339 656

**51 RELATED PARTIES**

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

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

**51.1 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

**51.2 Compensation of key management personnel**

The compensation of key management personnel is set out in Note 26 to the Annual Financial Statements.

**51.3 Other related party transactions**

No purchases were made during the year where Councillors or staff have an interest.

**51.4 Ceres Koekedouw Management Committee**

Ceres Koekedouw Management Committee is an entity established by the Witzenberg Municipality and the Koekedouw Irrigation Board. Ceres Koekedouw Management Committee is responsible for the management of the Koekedouw Dam, jointly owned by Witzenberg Municipality and the Koekedouw Irrigation Board.

Witzenberg municipality was responsible for 41% of the expenditure to build the Koekedouw Dam. The expense was financed by way of loans. These loans have already been redeemed.

The municipality is entitled to 10 million kilolitre water per annum from the dam.

The total carrying value of the municipal asset in respect of the dam of R28 336 269 is included under Property Plant and Equipment – Infrastructure Assets in Note 9.

The following contributions included with General Expenses were paid to the Ceres Koekedouw Management Committee

<u>1 223 847</u>	<u>1 213 492</u>
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**52 FINANCIAL SUSTAINABILITY**

Management is of the opinion that will Municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

Financial Indicators

The current ratio increased to 1,73 from 1,6 in the prior year.

Cash and Cash Equivalents have decreased to R 115 million from R 130 million in the prior year.

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

53

**NON-LIVING RESOURCES**

The responsibility for the non-living water resource emanates from chapter 3 of the Water Service Act which recognises the municipality as a water service authority.

The nature of the municipality's custodial responsibility includes the duty to provide access to water services, the duty to prepare and adopt a water service development plan and the reporting on the implementation thereof, any contracts and joint ventures with water services providers and the adoption of appropriate bylaws that sets out the conditions for the provision of water services.

Additional supporting information pertaining to the provision of water can be found in chapter 3 of the Annual Report

The Municipality has the following non-living water resources per town:

**Ceres**

The main water source for Ceres is the Koekedouw Dam. Six boreholes serve as a backup source of supply.

**Tulbagh**

Currently, Klein Berg, Moordenaarskloof and Tierkloof serve as the main sources of water supply to Tulbagh.

**Wolseley**

Wolseley receives its water supply from the Tierhokkloof weir.

**Prince Alfred's Hamlet**

Prince Alfred's Hamlet has four water sources. They consist of the Wabooms River Weir, a fountain, one borehole and a supply line from the Koekedouw Dam.

**Op-die-Berg**

Op-die-Berg has three water sources, a fountain and two boreholes.

There is no liabilities or contingent liabilities that arose from the non-living resource which is water

**Water purchased by the farmers including VAT amount to**

304 740

311 367



**WITZENBERG MUNICIPALITY**  
**APPENDIX A - Unaudited**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2021**

<b>EXTERNAL LOANS</b>	<b>Rate</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30 JUNE 2020</b>	<b>Received during the period</b>	<b>Redeemed during the period</b>	<b>Balance at 30 JUNE 2021</b>
				<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>ANNUITY LOANS</b>							
NEDBANK	8,00%	5032032 0001	2023/05/30	3 391 438	-	1 073 577	2 317 861
DBSA	9,50%	102040/1	2021/09/30	60 346		39 291	21 055
DBSA	8,59%	100605/1	2021/12/31	654 005	-	218 002	436 003
<b>Total Annuity Loans</b>				<b>4 105 789</b>	<b>-</b>	<b>1 330 870</b>	<b>2 774 919</b>
<b>LEASE LIABILITY</b>							
Office Equipment	10,00%		2021/06/30	481 811	-	481 811	-
<b>Total Lease Liabilities</b>				<b>481 811</b>	<b>-</b>	<b>481 811</b>	<b>-</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>4 587 600</b>	<b>-</b>	<b>1 812 681</b>	<b>2 774 919</b>

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

<b>2020 Actual Income R</b>	<b>2020 Actual Expenditure R</b>	<b>2020 Surplus/ (Deficit) R</b>		<b>2021 Actual Income R</b>	<b>2021 Actual Expenditure R</b>	<b>2021 Surplus/ (Deficit) R</b>
89 315 601	(38 346 626)	50 968 974	Budget and Treasury Office	91 142 833	(37 898 882)	53 243 950
113 519 135	(149 209 808)	(35 690 673)	Civil services	149 094 178	(150 182 242)	(1 088 063)
106 211 526	(26 530 454)	79 681 072	Community and social services	130 925 503	(26 066 330)	104 859 174
869 290	(55 831 653)	(54 962 363)	Corporate Services	752 900	(57 604 457)	(56 851 557)
258 539 514	(243 725 853)	14 813 661	Electro Technical Services	274 798 044	(268 038 440)	6 759 604
27 100	(22 832 610)	(22 805 510)	Executive and Council	13 000	(22 788 184)	(22 775 184)
24 473 532	(28 296 671)	(3 823 139)	Housing	491 526	(4 469 385)	(3 977 859)
1 581 357	(6 540 160)	(4 958 803)	Planning	2 139 959	(7 042 671)	(4 902 712)
26 545 106	(51 561 314)	(25 016 207)	Public Safety	17 597 600	(42 085 504)	(24 487 904)
10 502 014	(26 566 508)	(16 064 494)	Sport and recreation	9 367 720	(27 176 839)	(17 809 119)
<b>631 584 175</b>	<b>(649 441 658)</b>	<b>(17 857 483)</b>	<b>Total</b>	<b>676 323 263</b>	<b>(643 352 934)</b>	<b>32 970 329</b>

**WITZENBERG MUNICIPALITY**  
**APPENDIX C - Unaudited**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

<b>2020 Actual Income R</b>	<b>2020 Actual Expenditure R</b>	<b>2020 Surplus/ (Deficit) R</b>		<b>2021 Actual Income R</b>	<b>2021 Actual Expenditure R</b>	<b>2021 Surplus/ (Deficit) R</b>
105 800 893	(23 612 607)	82 188 286	Community and social services	128 956 606	(23 852 053)	105 104 554
258 065 824	(243 596 542)	14 469 282	Energy sources	274 575 871	(268 038 440)	6 537 431
151 585	(1 007 975)	(856 389)	Environmental protection	-	(506 271)	(506 271)
27 100	(23 697 131)	(23 670 031)	Executive and council	13 000	(24 235 253)	(24 222 253)
90 184 891	(91 571 375)	(1 386 484)	Finance and administration	91 895 733	(91 991 466)	(95 733)
24 473 532	(28 296 671)	(3 823 139)	Housing	491 526	(4 469 385)	(3 977 859)
-	(2 440 931)	(2 440 931)	Internal audit	-	(2 507 675)	(2 507 675)
1 840 405	(9 718 580)	(7 878 175)	Planning and development	4 108 855	(10 138 143)	(6 029 288)
23 541 439	(47 015 301)	(23 473 862)	Public safety	13 465 997	(37 301 222)	(23 835 225)
7 070 878	(28 888 649)	(21 817 771)	Road transport	17 739 637	(29 162 277)	(11 422 640)
10 502 014	(26 566 508)	(16 064 494)	Sport and recreation	9 367 720	(27 176 839)	(17 809 119)
29 012 981	(47 870 023)	(18 857 042)	Waste management	33 162 764	(44 382 221)	(11 219 457)
37 541 011	(34 861 598)	2 679 414	Waste water management	49 376 353	(38 356 837)	11 019 515
43 371 622	(40 297 768)	3 073 854	Water management	53 169 200	(41 234 852)	11 934 348
<b>631 584 175</b>	<b>(649 441 658)</b>	<b>(17 857 483)</b>	<b>Total</b>	<b>676 323 263</b>	<b>(643 352 934)</b>	<b>32 970 329</b>

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

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2020 (Unpaid)	Grants Received	Re-payment of Unspent Grant	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2021	Unspent 2021 (Payable)	Unpaid 2021 (Receivable)
R	R	R	R	R	R	R	R	R
<b><u>National Government Grants</u></b>								
Finance Management Grant	54 161	1 550 000	(54 161)	(1 550 000)	-	-	-	-
Municipal infrastructure Grant	9 843 224	22 013 000	(9 843 224)	(630 000)	(21 042 862)	340 138	340 138	-
Regional Bulk Infrastructure Grant (DWAF)	19 236 146	10 000 000	(19 236 146)	-	-	10 000 000	10 000 000	-
Integrated National Electricity Program	(291 587)	-	-	-	-	(291 587)	-	291 587
Equitable share	-	116 085 531	-	(116 085 531)	-	-	-	-
Department of Rural Development	471 155	-	-	-	-	471 155	471 155	-
Expanded Public Works Programme	(432 918)	2 360 000	-	(2 030 150)	-	(103 068)	-	103 068
Neighbourhood Development Plan	321	-	-	-	-	321	321	-
<b><u>Provincial Government Grants</u></b>								
Library services	800 000	9 764 000	-	(9 764 000)	(800 000)	-	-	-
CDW	738 977	131 000	-	(23 816)	-	846 161	846 161	-
Municipal Infrastructure Support Grant	(1 046 497)	-	-	-	-	(1 046 497)	-	1 046 497
Economic Development and Tourism SMME booster	1 662 236	363 060	-	-	(2 025 228)	68	68	-
Human Settlement Development	3 507 702	28 563 744	-	(238 000)	(26 507 700)	5 325 746	5 325 746	-
Fire Service Capacity Building Grant	830 000	-	-	-	(830 000)	-	-	-
Capacity Building (Internship)	294 922	300 000	-	(17 944)	-	576 978	576 978	-
Municipal Infrastructure	(206 126)	-	-	-	-	(206 126)	-	206 126
Financial Management Support	989 770	-	-	-	-	989 770	989 770	-
Financial Management	300 000	-	-	-	-	300 000	300 000	-
Maintenance and Construction of Transport Infrastructure	830 165	-	-	-	-	830 165	830 165	-
Local Government Support Grant	806 370	-	-	(499 941)	-	306 429	306 429	-
Regional Social Economical Program	4 005 448	1 000 000	-	-	(4 185 968)	819 480	819 480	-
<b><u>District Municipality</u></b>								
Parks and recreation	800 001	-	-	-	-	800 001	800 001	-
Sanitation Infrastructure	(525 090)	-	-	-	-	(525 090)	-	525 090
Planning and Development	100 000	-	-	-	-	100 000	100 000	-
Infrastructure	1 000 000	500 000	-	-	(500 000)	1 000 000	1 000 000	-
Covid 19	2 226 216	240 000	-	(279 396)	(189 626)	1 997 194	1 997 194	-
<b><u>Other</u></b>								
Table Mountain - Clearing Alien Vegetation	-	-	-	-	-	-	-	-
Development Bank of South Africa	(1 136 760)	1 136 760	-	-	-	-	-	-
<b><u>Public Contributions</u></b>								
Essen Belgium	3 987 568	834 420	-	(356 909)	(501 456)	3 963 623	3 963 623	-
China - Water meters	16 005	-	-	(378)	-	15 627	15 627	-
<b>Total</b>	<b>48 861 409</b>	<b>194 841 515</b>	<b>(29 133 531)</b>	<b>(131 476 065)</b>	<b>(56 582 840)</b>	<b>26 510 488</b>	<b>28 682 856</b>	<b>2 172 368</b>

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

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2019 (Unpaid)	Grants Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2020	Unspent 2020 (Payable)	Unpaid 2020 (Receivable)
	R	R	R	R	R	R	R	R
<b><u>National Government Grants</u></b>								
Finance Management Grant	626 923	1 550 000	(626 922)	(1 495 840)	-	54 161	54 161	-
Municipal infrastructure Grant	(666 480)	22 411 000	-	-	(11 901 296)	9 843 224	9 843 224	-
Regional Bulk Infrastructure Grant (DWAF)	6 441 235	19 471 000	(6 441 235)	-	(234 854)	19 236 146	19 236 146	-
Integrated National Electricity Program	(651 195)	3 000 000	-	-	(2 640 392)	(291 587)	-	291 587
Equitable share	-	92 850 157	-	(92 850 157)	-	-	-	-
Department of Rural Development	471 155	-	-	-	-	471 155	471 155	-
Expanded Public Works Programme	(275 740)	2 299 000	-	(2 456 177)	-	(432 917)	-	432 917
Neighbourhood Development Plan	321	-	-	-	-	321	321	-
<b><u>Provincial Government Grants</u></b>								
Library services	400 000	9 639 000	-	(9 239 000)	-	800 000	800 000	-
CDW	442 977	296 000	-	-	-	738 977	738 977	-
Main roads	102 200	-	-	-	-	102 200	102 200	-
Municipal Infrastructure Support Grant	(1 046 497)	-	-	-	-	(1 046 497)	-	1 046 497
Economic Development and Tourism SMME booster	-	1 685 000	-	-	(22 764)	1 662 236	1 662 236	-
Public Transport	230 461	-	-	-	-	230 461	230 461	-
Human Settlement Development	(1 237 092)	28 950 965	-	(224 000)	(23 982 171)	3 507 702	3 507 702	-
Fire Service Capacity Building Grant	-	830 000	-	-	-	830 000	830 000	-
Capacity Building (Internship)	-	380 000	-	(85 078)	-	294 922	294 922	-
Municipal Infrastructure	(206 126)	-	-	-	-	(206 126)	-	206 126
Financial Management Support	659 770	330 000	-	-	-	989 770	989 770	-
Financial Management	300 000	-	-	-	-	300 000	300 000	-
Maintenance and Construction of Transport Infrastructure	-	786 413	-	-	(288 908)	497 505	497 505	-
Local Government Support Grant	-	919 000	-	(112 630)	-	806 370	806 370	-
Regional Social Economical Program	-	5 000 000	-	(994 552)	-	4 005 448	4 005 448	-
<b><u>District Municipality</u></b>								
Parks and recreation	800 001	-	-	-	-	800 001	800 001	-
Sanitation Infrastructure	(525 090)	-	-	-	-	(525 090)	-	525 090
Planning and Development	100 000	-	-	-	-	100 000	100 000	-
Infrastructure	-	1 000 000	-	-	-	1 000 000	1 000 000	-
Covid 19	-	2 551 973	-	(325 757)	-	2 226 216	2 226 216	-
<b><u>Other</u></b>								
Table Mountain - Clearing Alien Vegetation	-	805 000	-	(805 000)	-	-	-	-
Development Bank of South Africa	(478 464)	663 240	-	(1 321 536)	-	(1 136 760)	-	1 136 760
<b><u>Public Contributions</u></b>								
Essen Belgium	2 199 763	2 331 023	-	(543 217)	-	3 987 569	3 987 569	-
China - Water meters	19 533	-	-	(3 529)	-	16 004	16 004	-
<b>Total</b>	<b>7 707 655</b>	<b>197 748 771</b>	<b>(7 068 457)</b>	<b>(110 456 473)</b>	<b>(39 070 385)</b>	<b>48 861 411</b>	<b>52 500 388</b>	<b>3 638 977</b>