



**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2021**

LANGEBERG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Index

The reports and statements set out below comprise the Annual Financial Statements presented to the council:

Index

General Information	3 - 5
Approval of Annual Financial Statements	6
Report of the Auditor General	7
Statement of Financial Position	8
Statement of Financial Performance	9
Statement of Changes In Net Assets	10
Cash Flow Statement	11
Statement of Comparison of Budget and Actual Amounts	12 - 14
Accounting Policies	15 - 39
Notes to the Financial Statements	40 - 93

LANGEBERG LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

General Information

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE AS AT 30 JUNE 2021

SW van Eeden	Executive Mayor
DB Janse	Corporate Services
JD Burger	Strategy & Social Development
EMJ Scheffers	Financial Services
GD Joubert	Engineering Services
SW van Zyl	Community Services

AUDITORS

Auditor-General of South Africa
19 Park Lane, Milnerton, Cape Town, 7441
Western Cape

BANKERS

ABSA
180 Commissioner Street
Johannesburg, 2001

REGISTERED OFFICE

28 Main Road
Ashton, Western Cape, 6715

REGISTRATION NUMBER

WC026

MUNICIPAL MANAGER

ASA De Klerk

CHIEF FINANCIAL OFFICER

M Shude

LANGEBERG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

General Information (Continued)

LEGAL FORM

Category B Municipality which operates in accordance with Chapter 7 of the Constitution of South Africa.

The Objects of Local Government are:

to provide democratic and accountable government for local communities;
to ensure the provision of services to communities in a sustainable manner;
to promote social and economic development;
to promote a safe and healthy environment; and
to encourage the involvement of communities and community organisations in the matters of local government
The Municipality must strive, within its financial and administrative capacity, to achieve the objects as set out above.

JURISDICTION

Greater Langeberg area which includes:

Ashton
Bonnievale
McGregor
Montagu
Roberton

LEGISLATION GOVERNING THE MUNICIPALITY'S OPERATIONS

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements (Act no 66 of 1995)
Disaster Management Act (Act no 57 of 2002)
Division of Revenue Act (Act no 1 of 2005)
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Municipal Budget and Reporting Regulations, 2009
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations, 2006
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
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)
SALGBC Leave Regulations, 2019
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
Income Tax Act (Act 58 of 1962)
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act (Act no 89 of 1991)
Water Services Act (Act no 108 of 1997)

LANGEBERG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Approval of Annual Financial Statements

MEMBERS OF THE LANGEBERG LOCAL MUNICIPALITY

Executive Mayor	van Eeden	SW
Deputy Executive Mayor	Joubert	GD
Speaker	Hess	P
Ward	Councillor	
1	Burger	JD
2	Shibili	AJ
3	Hess	P
4	Januarie	JJS
5	Van Zyl	SW
6	Janse	DB
7	Kriel	J
8	Van Eeden	SW
9	Beginzel	SD
10	Nteta	BH
11	Van Zyl	JDF
12	Scheffers	EMJ
Proportional	Du Plessis	S
Proportional	Grootboom	CJ
Proportional	Kuhn	DJW
Proportional	Mafilika	JS
Proportional	Swanepoel	LM
Proportional	Van der Merwe	TM
Proportional	Simpson	OC
Proportional	Bosjan	E
Proportional	Joubert	GD
Proportional	Hohlo	EW
Proportional	Prins	LJ

LANGEBERG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Approval of Annual Financial Statements

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I, as the Accounting Officer acknowledge that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have set standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

I am of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

I have reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, I am satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Langeberg Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although, I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's external auditors.

I would like to bring to your attention the following material matters to your attention:

I certify that the salaries, allowances and benefits of councillors as disclosed in note 35 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is responsible for independently reviewing and reporting on the municipality annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The annual financial statements for the year ended 30 June 2021, which have been prepared on the going concern basis, were approved on 31 August 2021.

ASA De Klerk
Accounting Officer

31 August 2021
Date

LANGEBERG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Report of the Auditor General

- Insert Audit Report -

LANGEBERG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

		Actual	
	Note	2021 R	2020 Restated R
ASSETS			
Current Assets		365 164 715	325 006 168
Inventories	2.	14 978 988	40 895 224
Receivables from Exchange Transactions	3.	50 823 699	63 026 560
Statutory Receivables from Exchange Transactions	4.	1 155 500	1 518 864
Receivables from Non-exchange Transactions	5.	10 120 496	12 761 957
Statutory Receivables from Non-Exchange Transactions	6.	4 891 378	5 721 362
Cash and Cash Equivalents	7.	283 054 846	200 973 606
Lease Receivables	14.	139 807	108 595
Non-Current Assets		806 226 665	778 563 536
Property, Plant and Equipment	8.	775 625 831	748 561 387
Intangible Assets	9.	1 017 125	1 017 125
Investment Property	10.	28 511 536	28 040 106
Heritage Assets	11.	275 448	275 448
Non-current Investments	13.	135 546	72 499
Long-term Receivables	15.	661 179	596 971
Total Assets		1 171 391 381	1 103 569 703
LIABILITIES			
Current Liabilities		173 653 350	144 980 316
Consumer Deposits	16.	14 280 417	12 726 209
Payables from Exchange Transactions	17.	77 219 470	77 506 367
Unspent Conditional Grants and Receipts	18.	28 796 544	6 642 625
Lease Payables	19.	811 759	964 664
Borrowings	20.	4 059 825	4 063 951
Employee Benefit Liabilities	21.	22 569 938	22 022 821
Provisions	22.	25 915 395	21 053 680
Non-Current Liabilities		143 132 498	138 966 106
Lease Payables	19.	232 750	833 141
Borrowings	20.	35 847 706	39 782 572
Employee Benefit Liabilities	21.	61 444 000	53 274 860
Provisions	22.	45 608 041	45 075 533
Total Liabilities		316 785 848	283 946 422
Total Assets and Liabilities		854 605 533	819 623 283
NET ASSETS		854 605 533	819 623 282
Reserves	23.	62 920 999	62 920 999
Accumulated Surplus / (Deficit)	24.	791 684 533	756 702 283
Total Net Assets		854 605 533	819 623 282

LANGEBERG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

		Actual	
	Note	2021	2020
		R	Restated R
REVENUE			
Revenue from Non-exchange Transactions		217 671 856	214 667 213
Property Rates	25.	59 485 886	56 956 651
Fines, Penalties and Forfeits	26.	7 537 290	7 113 587
Transfers and Subsidies	28.	146 587 651	146 853 067
Availability Charges	29.	3 420 436	3 210 832
Finance Income	33.	640 594	533 076
Revenue from Exchange Transactions		595 355 314	548 735 546
Licences and Permits	27.	2 157 771	841 972
Service Charges	29.	553 025 385	518 002 604
Sales of Goods and Rendering of Services	30.	5 916 599	5 929 862
Income from Agency Services	31.	5 166 816	3 834 776
Rental from Fixed Assets	32.	2 902 789	2 762 518
Finance Income	33.	12 708 523	15 350 480
Operational Revenue	34.	13 136 689	1 589 849
Gains on Disposal of Property, Plant and Equipment	48.	340 743	423 487
Total Revenue		813 027 171	763 402 759
EXPENDITURE		778 113 407	681 247 560
Employee Related Costs	35.	214 863 139	195 933 110
Remuneration of Councillors	36.	10 701 101	11 017 972
Depreciation and Amortisation	37.	33 045 109	29 379 130
Bad Debt Written Off	38.	10 679 186	4 124 938
Impairment Losses	39.	10 118 569	10 167 230
Finance Cost	41.	10 383 445	4 455 395
Bulk Purchases	42.	370 850 118	342 704 763
Contracted Services	43.	28 012 899	26 155 230
Inventory Consumed	44.	48 885 829	15 920 272
Transfers and Subsidies Paid	45.	2 131 698	3 124 531
Operational Costs	46.	38 442 314	38 264 989
Total Expenditure		778 113 407	681 247 560
OPERATING SURPLUS / (DEFICIT) FOR THE YEAR		34 913 764	82 155 200
OTHER REVENUE / EXPENDITURE INCURRED			
Other Operations:			
Inventory Gains/(Losses)	40.	6 107	(53 309)
Gains/ (Losses) on Other Fair Value Adjustments	47.	63 047	(43 104)
TOTAL OTHER REVENUE / EXPENDITURE INCURRED		69 154	(96 413)
SURPLUS / (DEFICIT) FOR THE YEAR		34 982 918	82 058 787

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

	Total Funds & Reserves	Accumulated Surplus/ (Deficit)	Total Net Assets
	R	R	R
2020			
Balance at 30 June 2019	62 920 999	674 643 592	737 564 591
Restated Balance	62 920 999	674 643 592	737 564 591
Surplus / (Deficit) for the year	-	82 058 787	82 058 787
<i>Surplus / (Deficit) as per prior 2019/20 AFS</i>		79 098 210	79 098 210
<i>Revenue & Expenditure Correction of Error (Note 48.)</i>		2 960 577	2 960 577
Balance at 30 June 2020	62 920 999	756 702 379	819 623 379
2021			
Restated Balance	62 920 999	756 702 379	819 623 379
Rounding Difference		(765)	(765)
Surplus / (Deficit) for the year	-	34 982 918	34 982 918
Balance at 30 June 2021	62 920 999	791 684 533	854 605 532

LANGEBERG LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Note	Actual 2021 R	2020 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Taxation		59 485 886	51 435 345
Service Charges		563 592 159	502 530 207
Sale of goods and services		20 274 599	16 806 934
Dividends		-	1 658
Grants		168 263 672	142 370 472
Finance Income		13 349 117	13 267 134
Payments			
Employees		(216 847 983)	(208 307 107)
Transfer and grants		(2 131 698)	(3 124 531)
Suppliers		(460 277 865)	(427 002 459)
Finance Costs		(5 155 901)	(1 639 586)
NET CASH FLOWS FROM OPERATING ACTIVITIES	51.	140 551 986	86 338 067
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property , plant and equipment	8.	(56 775 969)	(69 068 368)
Proceeds from sale of property,plant and equipment		1 507 511	-
Decrease/(increase) in long term receivables		(64 208)	3 341
NET CASH FLOWS FROM INVESTING ACTIVITIES		(55 332 666)	(69 065 027)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long term borrowings		-	35 000 000
Increase/(decrease) in consumer deposits		1 554 208	201 989
Repayment of borrowings		(3 938 992)	(4 994 021)
Finance lease payments		(753 296)	(1 211 060)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(3 138 080)	28 996 908
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		82 081 240	46 269 948
Cash and Cash Equivalents at Beginning of Period		200 973 606	154 703 659
Cash and Cash Equivalents at End of Period	7.	283 054 846	200 973 607

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

30 June 2021

Reasons have been provided for all variance above +10%

Description	Original Budget	Adjustments	Final Budget	Actual Outcome	Difference between final budget and actual	Difference between final budget and actual	Reasons for variances
	R	R	R	R	R	%	
FINANCIAL POSITION							
Current Assets							
Cash	25 939 975,00	(7 642 630)	18 297 345	137 992 082	119 694 737	654,16%	Additional Funding received late in the financial year from Department of Water Services.
Call investment deposits	106 328 445	(1 367 813)	104 960 632	145 062 763	40 102 131	38,21%	Underspending in the Capital Budget.
Consumer debtors	43 855 416	32 143 487	75 998 903	52 554 817	(23 444 086)	-30,85%	Impact of Covid on collection rate not as severe as anticipated.
Other debtors	14 438 830	2 613 781	17 052 611	13 882 538	(3 170 073)	-18,59%	Less impairment on debtors as anticipated.
Current portion of long-term receivables	7 696	601 273	608 969	553 719	(55 250)	-9,07%	Impact of Covid on collection rate not as severe as anticipated.
Inventory	28 726 178	12 169 047	40 895 225	14 978 988	(25 916 237)	-63,37%	N/A
Lease Receivables	-	-	-	139 807	139 807	100,00%	Housing sites handed over to beneficiaries were more than anticipated.
Non-Current Assets							No lease receivables anticipated during the budget process.
Long-term receivables	1 721 827	(543 293)	1 178 534	661 179	(517 355)	-43,90%	Impact of Covid on collection rate not as severe as anticipated and this translated in lower payment arrangements having a portion to be settled in more than 12 months.
Investments	113 288	(40 789)	72 499	135 546	63 047	86,96%	Fair value of investments increased regardless of current pandemic.
Investment property	28 238 302	(252 568)	27 985 734	28 511 536	525 802	1,88%	N/A
Property, plant and equipment	735 635 088	78 237 988	813 873 076	775 625 831	(38 247 245)	-4,70%	N/A
Intangible	246 507	10 770 618	11 017 125	1 017 125	(10 000 000)	-90,77%	ERP System was budgeted and then cancelled.
Other non-current assets	275 447	1	275 448	275 448	(0)	0,00%	N/A
Total Assets	985 526 999	126 689 102	1 112 216 101	1 171 391 380	59 175 279	5,32%	
Current Liabilities							
Borrowing	4 069 350	6 027 948	10 097 298	4 871 584	(5 225 714)	-51,75%	Payment towards Borrowings was made during Financial year
Consumer deposits	14 282 092	(1 555 883)	12 726 209	14 280 417	1 554 208	12,21%	Increase in consumer deposits is due to additional Municipal accounts that were opened during the FY.
Trade and other payables	50 993 313	32 112 758	83 106 071	106 016 015	22 909 944	27,57%	Increase in unspent grants due to late allocation of grant from Department of Water Services.
Provisions	36 274 086	(878 324)	35 395 762	48 485 334	13 089 572	36,98%	This is due to an increase in the estimated costs per square metre of rehabilitating the Municipality landfill sites.
Non-Current Liabilities							
Borrowing	35 713 505	(166 475)	35 547 030	36 080 457	533 427	1,50%	N/A
Provisions	67 406 000	33 450 286	100 856 286	107 052 041	6 195 755	6,14%	N/A
Total Liabilities	208 738 346	68 990 310	277 728 656	316 785 848	39 057 192	14,06%	
Total Assets and Liabilities	776 788 653	57 698 792	834 487 445	854 605 532	20 118 087	2,41%	
Net Assets (Equity)							
Reserves	58 037 606	4 883 393	62 920 999	62 920 999	0	0,00%	N/A
Accumulated Surplus / (Deficit)	718 750 918	52 823 779	771 574 697	791 684 533	20 109 836	2,61%	N/A
Total Net Assets	776 788 524	57 707 172	834 495 696	854 605 532	20 109 836	2,41%	



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

30 June 2021

Description	Original Budget	Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Original Budget	Reasons for variances
R	R	R	R	R	R	%	
FINANCIAL PERFORMANCE							
Revenue							
Property Rates	61 910 630	- 2 146 567	59 764 063	59 485 886	- 278 177	-0,47%	N/A
Service charges	542 391 332	7 326 861	549 718 193	556 445 821	6 727 628	1,22%	N/A
Rental of facilities and equipment	3 390 641	- 1 017 618	2 373 023	2 902 789	529 766	22,32%	Conservative Budgeting was done due to Covid Restrictions.
Interest earned - external investments	14 716 038	-	14 716 038	10 442 838	- 4 273 200	-29,04%	Lesser interest rates on investments than anticipated due to dire situation of economy.
Interest earned - outstanding debtors	3 255 163	- 126 025	3 129 138	2 906 278	- 222 860	-7,12%	N/A
Dividends received	-	-	-	-	-	0,00%	N/A
Fines, penalties and forfeits	2 899 166	5 020 000	7 919 166	7 537 290	- 381 876	-4,82%	N/A
Licences and permits	721 550	-	721 550	2 157 771	1 436 221	199,05%	Increase in licenses and permits revenue in the current Financial Year due to extension granted last year because of the lockdown restrictions.
Agency services	5 481 754	-	5 481 754	5 166 816	- 314 938	-5,75%	N/A
Transfers and subsidies	153 780 000	31 794 603	186 248 161	146 587 651	- 39 660 510	-21,29%	Increase in unspent grants resulting in decreased recognition of revenue.
Other revenue	6 058 734	- 461 000	4 924 134	19 122 442	14 198 308	288,34%	Conservative Budgeting was done due to Covid Restrictions. Contribution income from provision on landfill sites rehabilitation
Gains	-	-	-	340 743	340 743		Auction was not anticipated in previous high lockdown levels.
Total Revenue	794 605 008	40 390 254	834 995 220	813 096 325	- 21 898 895	-2,62%	
Expenditure							
Employee Related Costs	208 382 202	21 266 717	229 648 919	214 863 139	- 14 785 780	-6,44%	N/A
Remuneration of Councillors	11 901 505	- 727 795	11 173 710	10 701 101	- 472 609	-4,23%	N/A
Debt impairment	20 035 248	- 1 260 785	18 774 463	17 240 389	- 1 534 074	-8,17%	N/A
Depreciation & asset impairment	32 722 112	1 596 075	34 318 187	36 602 475	2 284 288	6,66%	N/A
Finance charges	4 788 342	3 077 085	7 865 427	10 383 445	2 518 018	32,01%	Increase in actual Finance costs due to unwinding of Provision for landfill sites.
Bulk purchases	366 596 634	30 000	366 626 634	370 850 118	4 223 484	1,15%	N/A
Other materials	24 234 126	13 351 782	37 585 908	48 885 829	11 299 921	30,06%	Housing sites handed over to beneficiaries were more than anticipated.
Contracted services	54 576 807	- 6 994 024	47 582 783	28 012 899	- 19 569 884	-41,13%	Reduction in actual costs due to implementation of cost containment measures.
Transfers and subsidies	3 816 300	- 603 000	3 213 300	2 131 698	- 1 081 602	-33,66%	Reduction in actual costs due to implementation of cost containment measures.
Other expenditure	50 808 575	9 562 862	60 371 437	38 442 314	- 21 929 123	-36,32%	Reduction in actual costs due to implementation of cost containment measures.
Total Expenditure	777 861 851	39 298 917	817 160 768	778 113 407	- 39 047 362	-4,78%	
Surplus/(Deficit for the Year)	16 743 157	1 091 337	17 834 452	34 982 918	17 148 466	96,15%	

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

30 June 2021

Description	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Original Budget	Reasons for variances
	R	R	R	R	R	R	
CASH FLOW							
Cash Flows from/(used in) Operating Activities							
Receipts							
Property Rates	58 828 480	(2 052 620)	56 775 860	59 485 886	2 710 026	4,77%	N/A
Transfers and Subsidies	153 780 000	32 468 000	186 248 000	168 263 672	(17 984 328)	-9,66%	N/A
Service Charges	531 105 717	(1 376 252)	529 729 465	563 592 159	33 862 694	6,39%	N/A
Interest	17 971 201	(3 255 163)	14 716 038	13 349 117	(1 366 921)	-9,29%	N/A
Other Receipts	18 551 845	2 867 225	21 419 070	20 274 599	(1 144 471)	-5,34%	N/A
VAT Receivable / Payable		-	-	-	-	0,00	N/A
Payments							
Suppliers and employees	(716 499 849)	(36 482 261)	(752 982 110)	(677 125 848)	75 856 262	-10,07%	Reduction in actual costs due to implementation of cost containment measures
Finance charges	(4 788 342)	(3 077 085)	(7 865 427)	(5 155 901)	2 709 526	-34,45%	Accrual portion of Finance Charges will only be paid after year end.
		-					N/A
Transfers and Grants	(3 816 300)	603 000	(3 213 300)	(2 131 698)	1 081 602	-33,66%	Reduction in actual costs due to implementation of cost containment measures
NET CASH FROM/(USED) OPERATING ACTIVITIES	55 132 752	(10 305 156)	44 827 596	140 551 986	95 724 390	213,54%	
Cash Flows from/(used in) Investing Activities							
Receipts							
Proceeds on disposal of PPE	-	-	-	1 507 511	1 507 511	100,00%	Auction was not anticipated in previous high lockdown levels
Decrease (increase) in non-current receivables	-	-	-	(64 208)	(64 208)	100,00%	No adjustment relating to Non Current Receivable was anticipated.
Decrease (increase) in non-current investments	-	-	-	-	-	-	-
Payments							
Capital assets	(79 801 866)	(29 519 736)	(109 321 602)	(56 775 969)	52 545 633	-48,07%	Underspending in the Capital Budget.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(79 801 866)	(29 519 736)	(109 321 602)	(55 332 666)	53 988 936		
CASH FLOWS FROM FINANCING ACTIVITIES							
Short term loans	-	-	-	-	-	0%	N/A
Borrowing long term/refinancing	10 865 629	-	-	-	-	0%	N/A
Increase (decrease) in consumer deposits	1 006 421	-	-	1 554 208	1 554 208	100%	Increase in consumer deposit is due to additional Municipal accounts that were opened during the FY.
Repayment of borrowing	(4 069 350)	-	-	(3 938 992)	(3 938 992)	100%	Payment made towards external borrowings
NET CASH FROM/(USED) FINANCING ACTIVITIES	7 802 700	-	-	(2 384 784)	(2 384 784)	100%	
Cash and Cash Equivalents at Beginning of the Year	178 528 502	37 837 595	216 366 097	200 973 606	347 109 930	160,43%	
Cash and Cash Equivalents at End of the Year	153 067 884	(28 231 867)	124 836 017	283 054 846	158 218 829	126,74%	

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. BASIS OF PRESENTATION

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

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 Statement of Financial Performance has been prepared to classify expenses by nature, whilst revenue is classified in a manner appropriate to the municipality's operations. The Cash Flow Statement has been prepared using the Direct Method.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation Currency

Amounts reflected in the financial statements are in South African Rand (which is the functional currency of the municipality) and at actual values. Financial values are rounded to the nearest Rand. No foreign exchange transactions are included in the statements.

1.2 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present value of the expected future cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

- a) Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- b) Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.2.3 Provision for Staff Leave

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

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.2.4 Impairment of Statutory Receivables

Accounting Policy 5.3 on Impairment of Statutory Receivables describes the process followed to determine the value at which Statutory Receivables should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Statutory Receivables recorded during the year is appropriate.

The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

1.2.5 Provision for Performance Bonuses

The provision for performance bonuses represents the best estimate of the obligation at year-end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.2.6 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings, management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets. The municipality referred to buildings in other municipal areas to determine the useful life of buildings. The municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the municipality's asset register.
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the municipality and that the other municipality's asset register is considered to be accurate.
- Cost as supplied by suppliers.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the municipality and other municipalities to determine the useful life of the assets.

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

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

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

1.2.7 Pre-paid Electricity Estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The prepaid electricity balance (included under payables) represents the best estimate of electricity sold at year-end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

1.2.8 Post-retirement medical obligations, long service awards and ex gratia gratuities

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. Major assumptions used are disclosed in note 17 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.2.9 Provisions and Contingent Liabilities

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

1.2.10 Componentisation of Infrastructure Assets

The municipality assesses whether it is a party to any principal-agent arrangements by considering the principles contained in GRAP 109. When the municipality is a party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.2.11 Impairment of Loans and 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.

The impairment for loans and receivables is considered first for individually significant loans and receivables and then calculated on a portfolio basis for the remaining balance, including those individually significant loans and receivables for which no indicators of impairment were found. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

On loans and receivables, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's or receivable carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition (if practically determinable). Where the effective interest rate at initial recognition is not practically determinable, the government bond rate is used as the risk-free rate and adjusted for any risks specific to the loans and receivables.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Conceptual Framework for General Purpose Financial Reporting states that users are assumed to have a reasonable knowledge of the municipality's activities and the environment in which it operates, to be able and prepared to read annual financial statements and to review and analyse the information presented with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a Going Concern Assumption.

1.5 Standards, Amendments to Standards and Interpretations issued but not yet Effective

No GRAP Standards have been issued.

1.5 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 are disclosed. Where 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.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.4, on which the municipality was required to transact for periods after 1 July 2020. The result of this process was a reclassification and naming of items in the annual financial statements.

2. BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24, and are consistent with the Accounting Policies

The approved budget covers the period from 1 July 2020 to 30 June 2021.

3. INVENTORIES

3.1 Recognition and Initial Measurement

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus 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.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Water inventory is measured by multiplying the cost per kilolitre of purified water by the amount of water in storage.

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.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

3.2 Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, housing stock, land, materials and supplies, water and work-in-progress, are measured 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. 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 or first-in-first-out method. The first-in-first-out method is applied to maintenance material inventory items. The weighted average method is applied to compost, low-cost housing, water for distribution and the remaining inventory items which are not maintenance related.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

4. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Investments – Listed Shares	Financial Assets at Fair Value
Investments – Unlisted Shares	Financial Assets at Amortised Cost
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Fixed Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Amortised Cost

Trade and Other Receivables exclude Value Added Taxation, Prepayments and Operating Lease Receivables are classified as Financial Assets at Amortised Cost.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

4.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Borrowings	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost
Unspent Conditional Grants	Financial Liabilities at Amortised Cost
Bank Overdraft	Financial Liabilities at Amortised Cost

Bank Overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

4.3 Initial and Subsequent Measurement

4.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

Financial Assets measured at Cost

Financial Assets at Cost are initially measured at the transaction amount and transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at cost less any impairment.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

4.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Bank Borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the Accrual Basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

4.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

4.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

4.4.2 Financial Assets at Cost

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

4.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except 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.

4.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

5. STATUTORY RECEIVABLES

Statutory Receivables are receivables that arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset.

Statutory receivables arise from the following legislation:

- Property Rates - Municipal Property Rates Act (6 of 2004)
- Fines - Criminal procedures Act (51 of 1977)

5.1 Recognition and Initial Measurement

The municipality recognises statutory receivables as follows:

- a) If the transaction is an exchange transaction, using the policy on revenue from exchange transactions.
- b) If the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers)
- c) If the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

The municipality recognises Statutory Receivables when they arise.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The transaction amounts of the Statutory Receivables of the municipality are determined as follows:

- Assessment Rates are levied in terms of the stipulations contained in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) at rates determined each year by Council.
- Fines - Criminal procedures Act (51 of 1977)

5.2 Subsequent Measurement

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable, where applicable;
- Impairment losses; and
- Amounts derecognised.

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

5.3 Impairment

The municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial reorganisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

5.4 Derecognition

The municipality derecognises a statutory receivable when:

- a) The rights to the cash flows from the receivable are settled, expire or are waived.
- b) The municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable.
- c) The municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

In this case, the municipality:

- d) derecognises the receivable; and
- e) recognises separately any rights and obligations created or retained in the transfer.

6. CONSTRUCTION CONTRACTS

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 either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

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 an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

7. PROPERTY, PLANT AND EQUIPMENT

7.1 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.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised 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 measure 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.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred is recognised as part of the cost of the asset.

7.2 Subsequent Measurement - Cost Model

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

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

7.3 Depreciation and Impairment

Depreciation on assets other than land is calculated on cost, using the Straight-line Method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Asset Class	Years	Asset Class	Years
Buildings		Community	
Improvements	1 - 105	Community Facilities	5 - 50
		Recreational Facilities	7 - 100
Infrastructure		Security	5
Electricity	1 - 80	Halls	1 - 105
Roads and Paving	1 - 100	Libraries	1 - 100
Sewerage / Solid Waste	1 - 100	Parks and gardens	1 - 100
Water	1 - 125	Other assets	7 - 100
Housing	1 - 105		
		Other	
		Computer Equipment	2 - 20
		Specialised vehicles	10 - 20
		Furniture and Fittings	1 - 100
		Transport Assets	4 - 45
		Office Equipment	2 - 22
		Plant and Equipment	1 - 40
		Other Assets	2 - 22
		Quarries	25
		Landfill sites	1-15

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting estimate or retrospectively as a prior period error depending on the specific circumstances.

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

7.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

7.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. Gains are not classified as Revenue.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

8. INTANGIBLE ASSETS

8.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

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.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

8.2 Amortisation and Impairment

Amortisation is charged on a Straight-line Method over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Computer Software Purchased	Indefinite		Servitudes	Indefinite

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting estimate or retrospectively as a prior period error depending on the specific circumstances.

8.3 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. Gains are not classified as Revenue.

9. INVESTMENT PROPERTY

9.1 Initial Recognition

Investment property is 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 municipality and
- The cost or fair value of the investment property can be measured reliably.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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. Property with a currently undetermined use is also classified as investment property.

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. The cost of self-constructed investment property is measured at cost.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

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.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

9.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 1 - 100 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

9.3 Derecognition

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.

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

Asset Class	Years	Asset Class	Years
Buildings	1-100	Land	Indefinite

10. HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

10.1 Initial Recognition

Heritage Assets are initially recognised at cost.

A heritage asset is 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 municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

10.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

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

10.3 Derecognition

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

11. LIVING AND NON-LIVING RESOURCES

Living Resources are defined as living organisms such as animals and plants that are used or held for the delivery or provision of goods and services, research, conservation, recreation, agricultural activities, education and training and rehabilitation or breeding processes.

Agricultural Assets are excluded from the scope of this Standard and are accounted for by the municipality in accordance with GRAP 27 (Agricultural Assets).

Living Resources are assets that undergo biological transformation and are those organisms that can grow, reproduce and degenerate. These assets include fruit trees, cattle and seed-bearing plants.

Non-living Resources are those resources, other than living resources, that occur naturally and have not been extracted from their source. These assets includes minerals, oils, etc.

Agricultural Assets are assets that are produced from living resources through agricultural activity and biological transformation through growth, degeneration and procreation. These assets are fruit from fruit-bearing plants, eggs from feathered animals and seeds from seed-bearing plants.

11.1 Initial Recognition and Measurement

A Living Resource 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 municipality, and when the cost or fair value of the asset can be measured reliably.

A Living Resource that qualifies for recognition as an asset shall be recognised at its cost.

Where a Living Resource is acquired through a non-exchange transaction, its cost shall be recognised at its fair value as at the date of the acquisition.

12. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets.

12.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

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

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

12.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined. An impairment loss is recognised immediately in surplus or deficit.

The recoverable service amount of a non-cash generating asset is the higher of its 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.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

13. CONSUMER DEPOSITS

Consumer deposits are partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months of consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposit.

14. PROVISIONS

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

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

- The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or
 - the principal
 - the location,
 - the expenditures
 - when the plan will
- 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 is the best estimate of the expenditure required to settle the present obligation at the reporting date.

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

15. LEASES

15.1 The Municipality as Lessee

15.1.1 Finance Leases

Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments 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, investment property or intangibles assets. 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 derecognition of financial instruments are applied to lease payables.

15.1.2 Operating Leases

The municipality recognises operating lease rentals as an expense in Surplus or Deficit on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

15.2 The Municipality as Lessor

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. The difference between the straight-lined revenue and actual payments received will give rise to an asset or liability. The municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

16. BORROWING COSTS

All borrowing costs are treated as an expense in the period in which they are incurred.

17. EMPLOYEE BENEFIT LIABILITIES

17.1 Short-term Employee Benefits

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

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

17.1.1 Provision for Staff Leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

17.1.2 Staff Bonuses Accrued

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.

17.1.3 Provision for Performance Bonuses

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

17.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

17.2.1 Defined Contribution Plans

In measuring its defined benefit liability, the municipality recognises past service cost as an expense in the reporting period in which the plan is amended.

For defined contribution plans, the municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

17.2.2 Defined Benefit Plans

Post-retirement Health Care Benefits

The municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as a contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high-quality government bonds). The plan is unfunded.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. 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.

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

Long service awards are provided to employees who achieve certain predetermined 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 finance cost upon valuation, as it meets the definition of interest cost in GRAP 25.

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.

Ex-Gratia Pension Benefits

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 financial cost upon valuation as it meets the definition of interest cost in GRAP 25.

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.

18. NET ASSETS

Included in the Net Assets of the municipality are the following items that are maintained in terms of specific requirements:

18.1 Accumulated Surplus

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements.

18.1.1 Capital Replacement Reserve (CRR)

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.

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

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in Surplus or Deficit and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

19. REVENUE RECOGNITION

19.1 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.

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.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the municipality when the receivable meets the definition of an asset.

All unpaid receivables relating to traffic fines as at 30 June 2019 was written off in the 2019/2020 financial year.

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 qualify 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 qualify for recognition and become available for use by the municipality.

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

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

Revenue is 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.

LANGEBERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Services in-kind that are significant to the municipality's operations are recognised as assets and the related revenue when:

- It is probable that the future economic benefits or service potential will flow to the Municipality and
- The fair value of the assets can be measured reliably.

If the services in-kind are not significant to the municipality's operations or does not satisfy the above-mentioned criteria, the municipality only discloses the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset because the municipality controls the resource from which future economic benefits or service potential is expected to flow to the municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

19.1.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

19.1.2 Fines

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued.

19.1.3 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

19.1.4 Public Contributions

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 qualify 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).

19.1.5 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

19.1.6 Rentals Received

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

19.1.7 Tariff Charges

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

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

19.2 Revenue from Exchange Transactions

19.2.1 Service Charges

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

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

- The municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

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 cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after the date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

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.

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend.

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.

The amount of revenue arising on a transaction is usually determined by agreement between the municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the municipality.

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.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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.

19.2.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after the date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

19.2.3 Rentals Received

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

19.2.4 Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend.

19.2.5 Interest Earned

Interest revenue is recognised using the effective interest rate method.

Interest earned on the following investments is not recognised in Surplus or Deficit:

- Interest earned on Trust Funds is allocated directly to the fund.
- Interest earned on unutilised Conditional Grants is allocated directly to the Creditor: Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

19.2.6 Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

19.2.7 Royalties

Royalties are recognised on an Accrual Basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a Straight-line Basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

19.2.8 Tariff Charges

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

20. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

21. ACCOUNTING BY PRINCIPALS AND AGENTS

21.1 Identifying whether an entity is a principal or an agent

When the municipality is a party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether the municipality is the principal or the agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or its own benefit.

21.2 Binding arrangement

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

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as the principal or the agent.

Assessing which entity benefits from the transactions with third parties

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

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

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

The municipality is an agent for the Western Cape Provincial Department and receives a commission of 12% per signed agreement.

21.3 Recognition

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

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

22. SEGMENT REPORTING

A segment is an activity of a municipality:

- 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.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

22.1 Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the municipality's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the municipality's financial statements.

23. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, 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 the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

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 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure.

Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

25. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

26. COMMITMENTS

- Items are classified as capital commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.
- Disclosures are required in respect of unrecognised contractual future capital commitments relating to property, plant and equipment, investment property, intangible assets and heritage assets, as applicable. Refer to note - Commitments.
- Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements if both the following criteria are met:
 - Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services).
 - Contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.
- Capital commitments disclosed in the financial statements represent the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

27. RELATED PARTIES

The objective of this Standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this Standard referred to as the reporting entity) shall apply this Standard in:

- a) Identifying related party relationships and transactions;
- b) Identifying outstanding balances, including commitments, between an entity and its related parties;
- c) Identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- d) Determining the disclosures to be made about those items

This Standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This Standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The Standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

A person or a close member of that person's family is related to the reporting entity if that person:

- a) has control or joint control over the reporting entity;
- b) has significant influence over the reporting entity or is a member of the management of the entity or its controlling entity.
- c) is a member of the management of the entity or its controlling entity.

An entity is related to the reporting entity if any of the following conditions apply:

- a) the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);

One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);

- a) both entities are joint ventures of the same third party;
- b) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- c) the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity

Related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;

- a) the entity is controlled or jointly controlled by a person identified in (a); and
- b) a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The Standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

28. CONTINGENT ASSETS AND 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 municipality. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

29. EVENTS AFTER THE 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:

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date).
- Those 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.

30. 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.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2021
R

2020
R

1. GENERAL INFORMATION

Langeberg Local Municipality is a local government institution in Ashton, Western Cape, and is one of five local municipalities under the jurisdiction of the Cape Winelands District Municipality. The address of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA, Act no 56 of 2003).

2. INVENTORIES

Consumables	4 756 445	3 831 678
Finished Goods	830 350	460 960
Housing Stock	609 401	27 215 481
Land	1 982 546	2 916 627
Materials and Supplies	6 620 903	6 308 306
Water - At Cost	179 343	162 173
Total Inventories	14 978 988	40 895 224

The cost of Inventories recognised as an expense includes R48 885 829 (2020: R15 920 272)

3. RECEIVABLES FROM EXCHANGE

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2021			
Service Debtors:	70 670 418	21 977 024	48 693 393
Electricity	26 834 541	2 425 422	24 409 119
Refuse	8 114 900	5 055 275	3 059 624
Sewerage	9 863 896	6 532 607	3 331 289
Merchandising, Jobbing and Contracts	5 272	-	5 272
Other Service Charges	13 581 704	1 576 586	12 005 119
Water	12 270 104	6 387 135	5 882 969
Other Receivables	1 021 753	697 429	324 324
Other Debtors	40 391	-	40 391
Prepayments and Advances	1 765 216	-	1 765 216
Control, Clearing and Interface Accounts	375	-	375
Total Receivables from Exchange	73 498 152	22 674 454	50 823 699

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2020			
Service Debtors:	96 995 604	35 336 027	61 659 576
Electricity	34 048 445	2 286 066	31 762 379
Refuse	11 599 196	4 940 528	6 658 668
Sewerage	13 994 095	6 219 922	7 774 173
Merchandising, Jobbing and Contracts	22 464	-	22 464
Other Service Charges	19 547 605	15 861 914	3 685 691
Water	17 783 799	6 027 597	11 756 201
Other Receivables	1 983 217	782 276	1 200 942
Other Debtors	41 719	-	41 719
Prepayments and Advances	124 323	-	124 323
Total Receivables from Exchange	99 144 863	36 118 303	63 026 560

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3.1 Ageing of Receivables from Exchange

As at 30 June 2021

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	23 597 218	348 913	178 344	2 710 067	26 834 541
Less: Provision for Impairment	(0)	-	-	2 425 422	2 425 422
Net Balances	23 597 218	348 913	178 344	284 645	24 409 119
Refuse:					
Gross Balances	2 181 189	383 240	325 259	5 225 211	8 114 900
Less: Provision for Impairment	0	-	-	5 055 275	5 055 275
Net Balances	2 181 189	383 240	325 259	169 936	3 059 624
Sewerage:					
Gross Balances	2 473 755	455 419	372 539	6 562 183	9 863 896
Less: Provision for Impairment	0	-	-	6 532 607	6 532 607
Net Balances	2 473 755	455 419	372 539	29 576	3 331 289
Merchandising, Jobbing and Contracts					
Gross Balances	5 272	-	-	-	5 272
Less: Provision for Impairment	-	-	-	-	-
Net Balances	5 272	-	-	-	5 272
Other Service Charges:					
Gross Balances	4 866 116	2 592 781	2 375 504	3 747 304	13 581 704
Less: Provision for Impairment	(0)	-	-	1 576 586	1 576 586
Net Balances	4 866 117	2 592 781	2 375 504	2 170 718	12 005 119
Water:					
Gross Balances	4 316 667	827 937	603 698	6 521 803	12 270 104
Less: Provision for Impairment	(0)	-	-	6 387 135	6 387 135
Net Balances	4 316 667	827 937	603 698	134 668	5 882 969
Other Receivables:					
Gross Balances	1 021 753	-	-	-	1 021 753
Less: Provision for Impairment	697 429	-	-	-	697 429
Net Balances	324 324	-	-	-	324 324
Other Debtors:					
Gross Balances	40 391	-	-	-	40 391
Less: Provision for Impairment	-	-	-	-	-
Net Balances	40 391	-	-	-	40 391
Prepayments and Advances:					
Gross Balances	1 765 216	-	-	-	1 765 216
Less: Provision for Impairment	-	-	-	-	-
Net Balances	1 765 216	-	-	-	1 765 216
Control, Clearing and Interface Accounts:					
Gross Balances	375	-	-	-	375
Less: Provision for Impairment	-	-	-	-	-
Net Balances	375	-	-	-	375
	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	40 267 952	4 608 289	3 855 343	24 766 568	73 498 152
Less: Provision for Impairment	697 429	-	-	21 977 025	22 674 454
Net Balances	39 570 523	4 608 289	3 855 343	2 789 543	50 823 699

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

As at 30 June 2020

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	29 081 278	1 646 700	610 400	2 710 067	34 048 445
Less: Provision for Impairment	(0)			2 286 066	2 286 066
Net Balances	29 081 278	1 646 700	610 400	424 001	31 762 379
Refuse:					
Gross Balances	5 076 570	597 522	461 596	5 463 508	11 599 196
Less: Provision for Impairment	0			4 940 528	4 940 528
Net Balances	5 076 570	597 522	461 596	522 980	6 658 668
Sewerage:					
Gross Balances	6 075 115	667 655	520 629	6 730 696	13 994 095
Less: Provision for Impairment	(0)	-		6 219 922	6 219 922
Net Balances	6 075 115	667 655	520 629	510 774	7 774 173
Merchandising, Jobbing and Contracts:					
Gross Balances	22 464	-	-	-	22 464
Less: Provision for Impairment	-	-	-	-	-
Net Balances	22 464	-	-	-	22 464
Other Service Charges:					
Gross Balances	16 946 083	23 609	31 414	2 546 499	19 547 605
Less: Provision for Impairment	13 315 415			2 546 499	15 861 914
Net Balances	3 630 668	23 609	31 414	-	3 685 691
Water:					
Gross Balances	9 581 525	877 188	710 176	6 614 910	17 783 799
Less: Provision for Impairment	0			6 027 597	6 027 597
Net Balances	9 581 524	877 188	710 176	587 313	11 756 201
Other Receivables:					
Gross Balances	1 983 217	-	-	-	1 983 217
Less: Provision for Impairment	782 276	-	-	-	782 276
Net Balances	1 200 942	-	-	-	1 200 942
Other Debtors:					
Gross Balances	41 719	-	-	-	41 719
Less: Provision for Impairment	-	-	-	-	-
Net Balances	41 719	-	-	-	41 719
Prepayments and Advances:					
Gross Balances	124 323	-	-	-	124 323
Less: Provision for Impairment	-	-	-	-	-
Net Balances	124 323	-	-	-	124 323
	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	68 932 294	3 812 674	2 334 215	24 065 680	99 144 863
Less: Provision for Impairment	14 097 691	-	-	22 020 612	36 118 303
Net Balances	54 834 603	3 812 674	2 334 215	2 045 068	63 026 560

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

4. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2021			
VAT Receivable	1 155 500	-	1 155 500
Total Statutory Receivables from Exchange Transactions	1 155 500	-	1 155 500
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2020			
VAT Receivable	1 518 864	-	1 518 864
Total Statutory Receivables from Exchange Transactions	1 518 864	-	1 518 864

VAT is claimable on the payment basis.

5. RECEIVABLES FROM NON-EXCHANGE

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2021			
Accrued Income	3 341	-	3 341
Accrued Interest	827 027	-	827 027
Administration Cost	258 078	-	258 078
Availability Charges	7 780 913	7 051 453	729 460
Insurance Claims	236 940	-	236 940
Other	222 714	-	222 714
Security Deposits	6 907 975	-	6 907 975
Provincial Government Housing Loans - at amortised cost	655 889	-	655 889
Staff Bursaries and other advances - at amortised cost	279 073	-	279 073
Total Receivables from Non-exchange	17 171 950	7 051 453	10 120 496
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2020			
Accrued Income	3 341	-	3 341
Accrued Interest	229 449	-	229 449
Administration Cost	410 263	-	410 263
Availability Charges	7 270 620	6 525 193	745 427
District Municipality	434 783	-	434 783
Transfers and Subsidies	2 960 482	-	2 960 482
Insurance Claims	648 942	-	648 942
Other	64 021	-	64 021
Security Deposits	6 907 975	-	6 907 975
Provincial Government Housing Loans - at amortised cost	161 054	-	161 054
Staff Bursaries and other advances - at amortised cost	196 220	-	196 220
Total Receivables from Non-exchange	19 287 150	6 525 193	12 761 957

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2021
R

2020
R

5.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2021

	Current	Past Due			Total
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
Insurance Claims:					
Gross Balances	229 461	-	-	-	229 461
Less: Provision for Impairment	-	-	-	-	-
Net Balances	229 461	-	-	-	229 461

Other Receivables:

Gross Balances	2 499 529	114 109	104 382	7 313 153	10 031 173
Less: Provision for Impairment	0	-	-	7 051 453	7 051 453
Net Balances	2 499 529	114 109	104 382	261 700	2 979 719

Accrued Income:

Gross Balances	3 341	-	-	-	3 341
Less: Provision for Impairment	-	-	-	-	-
Net Balances	3 341	-	-	-	3 341

Security Deposits:

Gross Balances	6 907 975	-	-	-	6 907 975
Less: Provision for Impairment	-	-	-	-	-
Net Balances	6 907 975	-	-	-	6 907 975

	Current	Past Due			Total
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
All Receivables:					
Gross Balances	9 640 306	114 109	104 382	7 313 153	17 171 950
Less: Provision for Impairment	0	-	-	7 051 453	7 051 453
Net Balances	9 640 306	114 109	104 382	261 700	10 120 496

As at 30 June 2020

	Current	Past Due			Total
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
Insurance Claims:					
Gross Balances	648 942	-	-	-	648 942
Less: Provision for Impairment	-	-	-	-	-
Net Balances	648 942	-	-	-	648 942

Other Receivables:

Gross Balances	11 726 892	-	-	-	11 726 892
Less: Provision for Impairment	6 525 193	-	-	-	6 525 193
Net Balances	5 201 699	-	-	-	5 201 699

Accrued Income:

Gross Balances	3 341	-	-	-	3 341
Less: Provision for Impairment	-	-	-	-	-
Net Balances	3 341	-	-	-	3 341

Security Deposits:

Gross Balances	6 907 975	-	-	-	6 907 975
Less: Provision for Impairment	-	-	-	-	-
Net Balances	6 907 975	-	-	-	6 907 975

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	19 287 150	-	-	-	19 287 150
Less: Provision for Impairment	6 525 193	-	-	-	6 525 193
Net Balances	12 761 957	-	-	-	12 761 957

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

6. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2021			
Property Rates	15 749 612	11 334 469	4 415 143
Fines	6 021 203	5 544 968	476 235
Total Statutory Receivables from Non-Exchange Transactions	21 770 815	16 879 437	4 891 378

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2020			
Property Rates	15 620 678	10 357 758	5 262 919
Fines	6 158 100	5 699 657	458 443
Total Statutory Receivables from Non-Exchange Transactions	21 778 778	16 057 415	5 721 362

6.1 Ageing of Statutory Receivables from Non-Exchange Transactions

As at 30 June 2021

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	2 996 622	293 321	265 410	12 194 259	15 749 612
Less: Provision for Impairment	-	-	-	11 334 469	11 334 469
Net Balances	2 996 622	293 321	265 410	859 790	4 415 143

Fines:					
Gross Balances	6 021 203	-	-	-	6 021 203
Less: Provision for Impairment	5 544 968	-	-	-	5 544 968
Net Balances	476 235	-	-	-	476 235

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	9 017 825	293 321	265 410	12 194 259	21 770 815
Less: Provision for Impairment	5 544 968	-	-	11 334 469	16 879 437
Net Balances	3 472 858	293 321	265 410	859 790	4 891 378

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

As at 30 June 2020

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	3 349 364	449 339	290 925	11 531 049	15 620 678
Less: Provision for Impairment	-	-	-	10 357 758	10 357 758
Net Balances	3 349 364	449 339	290 925	1 173 291	5 262 919

Fines:

Gross Balances	6 158 100	-	-	-	6 158 100
Less: Provision for Impairment	5 699 657	-	-	-	5 699 657
Net Balances	458 443	-	-	-	458 443

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	9 507 464	449 339	290 925	11 531 049	21 778 778
Less: Provision for Impairment	5 699 657	-	-	10 357 758	16 057 415
Net Balances	3 807 808	449 339	290 925	1 173 291	5 721 362

7. CASH AND CASH EQUIVALENTS

Current Investments	145 062 763	104 960 632
Bank Accounts	137 982 882	96 001 974
Cash on Hand	9 200	11 000
Total Bank, Cash and Cash Equivalents	283 054 846	200 973 606

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

7.1 Current Investment Deposits

Call Deposits	145 062 763	104 960 632
Total Current Investment Deposits	145 062 763	104 960 632

Call Deposits are investments with a maturity period of less than 3 months. The average interest rate for the year was 4.28% (2020:7.05 %).

7.2 Bank Accounts

Cash in Bank	137 982 882	96 001 974
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The Municipality has the following operational bank accounts:

Primary Bank Account

Cash book balance at beginning of year	96 001 974	5 694 930
Cash book balance at end of year	137 982 882	96 001 974

7.3 Cash and Cash Equivalents

Cash Floats and Advances	9 200	11 000
Total Cash on hand in Cash Floats, Advances and Equivalents	9 200	11 000

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

8. PROPERTY, PLANT AND EQUIPMENT

30 June 2021

Reconciliation of Carrying Value

Description	Land and Buildings	Infrastructure	Community	Other	Transport Assets	Leased Assets	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2020	98 839 653	544 443 471	55 903 465	19 831 715	27 571 828	1 971 254	748 561 387
Cost	108 603 586	778 434 400	83 768 799	46 806 041	51 681 959	4 022 165	1 073 316 951
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	(511 737)	(13 210 278)	(4 242)	(128 946)	(83 303)	-	(13 938 505)
Accumulated Depreciation	(9 252 196)	(220 780 651)	(27 861 093)	(26 845 380)	(24 026 829)	(2 050 910)	(310 817 059)
Acquisition of Assets	220 000	53 602 582	5 064 716	4 235 191	744 106	247 771	64 114 366
Decommissioning and other Liabilities	-	-	-	-	-	-	-
Depreciation	(626 652)	(22 493 769)	(2 609 249)	(3 560 998)	(2 610 400)	(1 083 967)	(32 985 036)
Carrying value of Disposals:		(622 737)	-	(206 031)	(338 000)	-	(1 166 768)
- Cost		(1 414 447)	-	(1 198 024)	(1 570 820)	-	(4 183 290)
- Accumulated Impairment Losses		1 252	-	116 378	72 393	-	190 022
- Accumulated Depreciation		790 458	-	875 615	1 160 427	-	2 826 500
Impairment Losses	-	(3 691 936)	-	(73 809)	-	-	(3 765 746)
Other Movements	(118 899)	1 396 564	(1 369 849)	850 058	109 752	-	867 627
- Cost	(118 899)	1 388 953	(1 369 849)	850 058	109 752	-	860 016
- Transfers Received	95 603	102 464 221	3 202 368	5 390 721	878 609	-	112 031 522
- Transfers Made	(214 501)	(101 075 269)	(4 572 217)	(4 540 663)	(768 857)	-	(111 171 507)
- Accumulated Depreciation		7 612	-	-	-	-	7 612
Carrying values at 30 June 2021	98 314 102	572 634 176	56 989 083	21 076 126	25 477 285	1 135 058	775 625 831
Cost	108 704 688	832 011 489	87 463 667	50 693 267	50 964 997	4 269 936	1 134 108 043
Accumulated Impairment Losses	(511 737)	(16 900 962)	(4 242)	(86 378)	(10 910)	-	(17 514 229)
Accumulated Depreciation	(9 878 849)	(242 476 350)	(30 470 342)	(29 530 763)	(25 476 802)	(3 134 877)	(340 967 984)

8. PROPERTY, PLANT AND EQUIPMENT

30 June 2020

Reconciliation of Carrying Value

Description	Land and Buildings	Infrastructure	Community	Other	Transport Assets	Leased Assets	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2019	99 474 064	498 961 144	58 877 275	18 848 859	31 435 043	2 507 496	710 103 881
Cost	108 609 956	714 538 301	84 113 080	42 788 560	53 787 982	3 626 937	1 007 464 817
Correction of error (Note 48.)	-	-	-	-	-	-	-
Change in Accounting Policy	-	-	-	-	-	-	-
Accumulated Impairment Losses	(511 737)	(13 209 026)	(4 242)	(85 972)	(10 910)	-	(13 821 886)
Accumulated Depreciation	(8 624 156)	(202 368 131)	(25 231 564)	(23 853 729)	(22 342 029)	(1 119 441)	(283 539 050)
Acquisition of Assets	40 913	65 505 283	374 887	3 712 626	-	520 871	70 154 581
Decommissioning and other Liabilities	-	-	-	-	-	-	-
Depreciation	(628 040)	(19 233 459)	(2 629 529)	(3 139 431)	(2 674 895)	(1 015 840)	(29 321 194)
Carrying value of Disposals:		-	(13 393)	(68 372)	(1 291 654)	(41 273)	(1 438 784)
- Cost		(3 218 170)	(13 393)	(182 558)	(2 315 344)	(125 643)	(5 879 200)
- Accumulated Impairment Losses	-	2 397 231	-	-	-	-	2 397 231
- Accumulated Depreciation	-	820 939	-	114 186	1 023 689	84 370	2 043 184
Impairment Losses	-	(4 806 306)	-	(42 975)	(72 393)	-	(4 921 674)
Other Movements		4 016 809	(705 775)	521 007	175 727	-	3 984 576
- Cost		1 608 986	(705 775)	487 413	209 320	-	1 576 753
- Transfers Received		56 572 515	651 387	5 587 683	209 320	-	63 024 816
- Transfers Made		(54 963 529)	(1 357 161)	(5 100 270)	-	-	(61 448 063)
Carrying values at 30 June 2020	98 839 653	544 443 471	55 903 465	19 831 715	27 571 828	1 971 254	748 561 387
Cost	108 603 586	778 434 400	83 768 799	46 806 041	51 681 959	4 022 165	1 073 316 951
Accumulated Impairment Losses	(511 737)	(13 210 278)	(4 242)	(128 946)	(83 303)	-	(13 938 505)
Accumulated Depreciation	(9 252 196)	(220 780 651)	(27 861 093)	(26 845 380)	(24 026 829)	(2 050 911)	(310 817 060)

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2021
R **2020**
R

8. (Continued)

8.1 Assets pledged as security

A bond is registered against the Ashton Town Hall in favour of the Development Bank of South Africa as security for the following loans:

- (i) Vehicle Testing Station
- (ii) Paving

Leased Assets are pledged as security for the finance liability.

Equipment

Impairment Losses on Property, Plant and Equipment to the amount of R3 765 746 (2020: R4 921 674) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 39

Infrastructure	3 691 936	4 806 306
Other Assets	73 809	42 975
Transport Assets	-	72 393
Equipment	3 765 746	4 921 674

8.3 Work-in-Progress

The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:

June 2021	Infrastructure	Community	Other	Total
Opening Balance	50 951 456	15 813	25 825	50 993 094
Additions	45 467 799	830 009	1 313 783	47 611 592
Completed Assets	(77 512 070,17)	(305 669,13)	(1 063 902,12)	(78 881 641,42)
Closing Balance	18 907 185	540 153	275 706	19 723 044
June 2020	Infrastructure	Community	Land and Building	Total
Opening Balance	21 356 666	292 312	-	21 648 978
Additions	58 667 654	374 887	40 913	59 083 454
Completed Assets	(29 072 863,99)	(651 386,53)	15 088	(29 739 338,77)
Closing Balance	50 951 456	15 813	56 002	50 993 094

8.4 Delayed Projects

Project Details (Unspent Balance)	2021	2020
Infrastructure Assets		
Due to various suppliers delays, regulation and legislation technicalities.	15 942 953	-
Community Asset	1 417 691	5 813 027
2021: Due to various regulation and legislation technicalities the projects were delayed.		
2020: The projects was delayed due to COVID 19 and the Drought disaster in the Langeberg Area		
Other Assets		
2021: Due to various regulation, legislation and Covid pandemic restraints.	10 894 906	587 615
2020: The projects was delayed due to COVID 19 and the Drought disaster in the Langeberg Area		
Total balance at year end	28 255 550	6 400 642

Maintenance

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

Electrical Infrastructure	3 037 051	3 033 478
- Contracted Services	754 054	671 755
- Inventory Consumed	2 282 997	2 361 723
Information and Communication	12 436	177 158
- Contracted Services	9 816	177 158
- Inventory Consumed	2 620	-

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Roads Infrastructure	997 129	1 711 782
- Contracted Services	48 174	1 380 758
- Inventory Consumed	948 955	331 023
Sanitation Infrastructure	2 828 959	3 842 654
- Contracted Services	2 283 283	3 278 095
- Inventory Consumed	545 676	564 559
Solid Waste Disposal	109 195	11 271
- Contracted Services	96 758	2 696
- Inventory Consumed	12 437	8 575
Stormwater Infrastructure	475 825	354 744
- Contracted Services	246 636	165 407
- Inventory Consumed	229 189	189 336
Water Supply Infrastructure	6 278 151	4 654 182
- Contracted Services	5 200 222	3 839 356
- Inventory Consumed	1 077 929	814 826
Community Assets	1 291 526	909 843
- Contracted Services	564 234	454 966
- Inventory Consumed	727 291	454 878
Computer Equipment	-	2 398
- Inventory Consumed	-	2 398
Furniture and Office Equipment	1 057 815	450 429
- Contracted Services	903 993	388 547
- Inventory Consumed	153 822	61 882
Machinery and Equipment	336 800	290 834
- Contracted Services	198 455	252 317
- Inventory Consumed	138 345	38 517
Other Assets - Buildings	906 580	831 001
- Contracted Services	712 325	589 828
- Inventory Consumed	194 255	241 172
Transport Assets	5 045 224	3 908 319
- Contracted Services	3 248 739	2 130 297
- Inventory Consumed	1 795 298	1 777 745
- Other Operational Costs	1 188	276
Total Expenditure related to Repairs and Maintenance Projects	22 376 691	20 178 091

2021
R

2020
R

9. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

1 017 125

1 017 125

The movement in Intangible Assets is reconciled as follows:

Intangible Assets

Carrying values at 01 July 2020

1 017 125

1 017 125

Opening Balance - Computer Software

964 125

964 125

Opening Balance - Servitudes

53 000

53 000

Acquisitions:

-

-

Purchased

Carrying values at 30 June 2021

1 017 125

1 017 125

Closing Balance - Computer Software

964 125

964 125

Closing Balance - Servitudes

53 000

53 000

9.1 Significant Intangible Assets

Material intangible assets included in the carrying value:

Internal audit and risk management software	507 307	507 307
Omron Scada software - vehicle testing	3 018	3 018
Other intangible assets	218 454	218 454
Servitude Bonnievale	53 000	53 000
Software Bytes NBD	100	100
Website costs	235 246	235 246
	1 017 125	1 017 125

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

9.2 Intangible Assets with Indefinite Useful Lives

The municipality regards all of its Intangible Assets as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

10. INVESTMENT PROPERTY

At Cost less Accumulated Depreciation	28 511 536	28 040 106
The movement in Investment Property is reconciled as follows:		
Carrying values at 1 July 2020	28 040 106	28 586 421
Cost	30 218 581	30 498 581
Acquisitions during the Year	-	-
Cost	-	-
Depreciation during the Year	(60 073)	(57 936)
Impairment Losses during the Year	-	(208 379)
Disposals during the Year:	-	(4 220)
Reversal of Impairment Losses during the Year	-	-
Transfers during the Year:	323 124	-
At Cost	323 124	-
Other Changes:	208 379	(275 780)
At Accumulated Impairment	208 379	-
Carrying values at 30 June 2021	28 511 536	28 040 106
Cost	30 541 705	30 218 581
Accumulated Depreciation	(2 030 169)	(1 970 096)
Accumulated Impairment	-	(208 379)

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

11. HERITAGE ASSETS

30 June 2021

Reconciliation of Carrying Value

Description	Significant Land and Buildings	Total
	R	R
Carrying values at 01 July 2020	275 448	275 448
Cost	664 448	664 448
Under Construction	-	-
Revaluation	-	-
Accumulated Impairment Losses	(389 000)	(389 000)
Acquisitions	-	-
Impairment Losses	-	-
Reversal of Impairment Loss	-	-
Carrying value of Disposals:	-	-
- Cost	-	-
- Revaluation	-	-
- Accumulated Impairment Losses	-	-
Carrying values at 30 June 2021	275 448	275 448
Cost	664 448	664 448
Under Construction	-	-
Revaluation	-	-
Accumulated Impairment Losses	(389 000)	(389 000)

11. HERITAGE ASSETS

30 June 2020

Reconciliation of Carrying Value

Description	Significant Land and Buildings	Total
	R	R
Carrying values at 01 July 2019	275 448	275 448
Cost	664 448	664 448
Under Construction	-	-
Revaluation	-	-
Accumulated Impairment Losses	(389 000)	(389 000)
Acquisitions	-	-
Impairment Losses	-	-
Reversal of Impairment Loss	-	-
Carrying value of Disposals:	-	-
- Cost	-	-
- Revaluation	-	-
- Accumulated Impairment Losses	-	-
Carrying values at 30 June 2020	275 448	275 448
Cost	664 448	664 448
Under Construction	-	-
Revaluation	-	-
Accumulated Impairment Losses	(389 000)	(389 000)

Assets declared as heritage assets:

According to the South African Heritage Resources Agency, the following assets are declared as heritage sites. However, Langeberg Municipality classifies such assets as follows based on their use:

- Montagu Municipal Offices - Administrative Use - Property, plant and equipment
- Hofmeyer Hall - Community Hall - Property, Plant and equipment
- McGregor Municipal Offices - Mixed Use - Investment property
- Robertsons Old Library - Administrative Use - Property, Plant and equipment

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2021
R

2020
R

12. LIVING AND NON-LIVING RESOURCES

GRAP 110 Living and Non-living Resources became effective on 1 April 2020 and, in accordance with the transitional provisions for the Standard provided in Directive 3, entities are not required to recognise and/or measure living resources for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP subject to the provisions in Directive 3.

The municipality is taking advantage of the transitional provisions by not recognising or measuring its Living Resources in accordance with GRAP 110, and, therefore, no disclosures required by GRAP 110 has been made in respect of Living Resources. No Living Resources are recognised and no preliminary amounts are presented at reporting date. The municipality intends to fully apply the requirements of GRAP 110 by 30 June 2023.

The Municipality extracts the water from the following non-living resources:

NON-LIVING RESOURCES

DAM

TOWN	OWNER	VOLUME % 30 June 2021	VOLUME m³	LOCATION - (S)	LOCATION - (E)
Groter Brandvlei	Department of Water & Sanitation	36%	164 000 000	Worcester	
Dassieshoekdam	LANGEBERG MUN	58%	480 000	33°45'26"	19°52'37"
Kooskokdam	LANGEBERG MUN	66%	68 200	33°45'00"	19°53'36"
Montagu Bo-Dam	LANGEBERG MUN	3%	8 000	33°48'00"	20°07'57"
Montagu Onderdam	LANGEBERG MUN	49%	168 200	33°47'45"	20°07'45"
McGregor Vaaldam	LANGEBERG MUN	86%	127 295	33°57'13"	19°49'06"
McGregor Rooi dam	LANGEBERG MUN	79%	56 759	33°57'18"	19°49'17"
McGregor Drinkwaterdam	LANGEBERG MUN	88%	73 050	33°57'24"	19°49'13"
Ashton Stoordam	LANGEBERG MUN	80%	88 000	33°50'05"	20°01'59"

BOREHOLES

TOWN	BOREHOLE NUMBER	OWNER	YIELD/YEAR m³	LOCATION - (S)	LOCATION - (E)
Montagu	Old borehole 1	Langeberg Mun	47 300	33°46'47"	20°06'45"
Montagu	New Borehole 1	Langeberg Mun	21 020	33°46'45"	20°06'36"
Montagu	Old Borehole 3	Langeberg Mun	31 500	33°46'46"	20°06'37"
Montagu	Old Borehole 4	Langeberg Mun	26 200	33°46'46"	20°06'33"
Montagu	New Borehole 5	Langeberg Mun	985	33°46'38"	20°07'53"

**RIVER ABSTRACTION
NAME**

**LOCATION
S**

**LOCATION
E**

Ashton Breede River Pump Station	33°52'08"	19°59'13"
Bonnievale Breede River Pump Station	33°56'27"	20°04'22"

The municipality adheres to the National Water Act with regards to the dams that the municipality is a custodian of.

13. INVESTMENTS

Current Investments	-	-
Non-current Investments	135 546	72 499
Total Investments	135 546	72 499

13.1 Non-current Investments

Listed

Listed Shares	135 546	72 499
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Total Non-current Portion of Investments	135 546	72 499
-------------------------------------------------	----------------	---------------

Total Investments		
Non-current Portion	135 546	72 499
Short-term Portion	-	-
Total Investments	135 546	72 499

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Financial assets are recognised at the following hierarchy:

Level 1 - represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to those shares.

Listed investments represent 270 Sanlam shares, 685 Distell shares.

The market value per share at year end: Sanlam shares R61.37 (2020: R58.94).

The market value per share at year end: Distell shares R167.00 (2020: R76.30)

Unlisted Investments comprise the following:

(i) Unlisted investments comprise 1309 Hosken Passenger Logistics & Retail Ltd shares held at fair value, available for sale.

Valuations of investments supplied by council are:

The market value per share at year end: Hosken Passenger Logistics & Retail Ltd R3.50 (2020: R3.30).

The share prices are publicly available and are not appended on valuations.

14. LEASE RECEIVABLES

Current Lease Receivables	139 807	108 595
Non-current Lease Receivables	-	-
Total Lease Receivables	139 807	108 595

14.1.1 Leasing Arrangements

The Municipality as Lessor:

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

14.1.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	2 139 748	1 741 699
2 to 5 years	2 093 252	2 062 072
More than 5 years	227 655	329 622
Total Operating Lease Arrangements	4 460 655	4 133 393

15. LONG-TERM RECEIVABLES

Non-Current Portion of Long Term Receivables	661 179	596 971
Receivable from exchange transactions	284 305	255 168
Receivable from non-exchange transactions	376 874	341 803
	661 179	596 971

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
16. CONSUMER DEPOSITS		
Electricity	12 994 298	12 416 552
Water	147 917	-
Other Deposits:-	1 138 202	309 657
- Land Sales	906 484	296 346
- Posters	18 744	13 311
- Refuse	83 036	-
- Rental Properties	39 572	-
- Sewer	90 366	-
Total Consumer Deposits	14 280 417	12 726 209
17. PAYABLES FROM EXCHANGE		
Other Payables	3 523 276	902 965
Retentions	5 757 785	6 519 148
Salary Related Payables	-	-
Trade Creditors	56 801 484	59 274 742
Deposits	11 136 925	10 809 512
Total Payables from Exchange	77 219 470	77 506 367
18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Total Unspent Conditional Grants and	28 796 544	6 642 625
The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
CWDM - Community Safety grant	-	477 553
Other Grants	-	356 789
Integrated National Electrification Grant	276 314	675 158
Community Library Services Grant	970 044	382 548
Bakery Project Grant	168 875	168 875
CWDM: Construction of boundary walls of sports fields grant	32 199	32 199
Western Cape Financial Management Capacity Building Grant	135 000	739 000
Neighbourhood Development Partnership Grant	399 442	144 192
Municipal Disaster Relief Grant	-	141 620
Human Settlements Development Grant	3 520 100	3 524 692
Water Services Infrastructure Grant	21 093 000	
Development of sport and recreation facilities	800 000	
Municipal Electrical Master Plan Grant	770 000	
CWDM - Community Safety	566 353	
CWDM Councillors laptops	65 217	
	28 796 544	6 642 626
See Note 28 for the reconciliation of Grants from Government and other sources.		
The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.		
No grants were withheld.		
19. LEASE PAYABLES		
Current Lease Payables	811 759	964 664
Non-current Lease Payables	232 750	833 141
Total Lease Payables	1 044 509	1 797 805
19.1 Finance Lease Payables		
Finance Lease Liability	1 044 509	1 797 805
Total Non-current Lease Payables	1 044 509	1 797 805
Less: Current Portion transferred to Current	(811 759)	(964 664)
Finance Lease Liability	(811 759)	(964 664)
Non-Current Portion of Finance Lease	232 750	833 141

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

19.1.1 Obligations under Leases

The Municipality as Lessee:

The obligations under Finance Leases are as follows:

Amounts payable under Finance leases:

	Amount Payable	2021 Future Finance Obligation	Present Value of Annuity
Payable within one year	869 925	58 166	811 759
Payable within two to five years	243 424	10 674	232 750
Payable after five years	-	-	-
	<u>1 113 349</u>	<u>68 839</u>	<u>1 044 509</u>

	Amount Payable	2020 Future Finance Obligation	Present Value of Annuity
Payable within one year	1 121 424	156 760	964 664
Payable within two to five years	882 353	49 212	833 141
Payable after five years	-	-	-
	<u>2 003 777</u>	<u>205 972</u>	<u>1 797 805</u>

The above finance leases have no escalation over the period of the lease. After the initial period the finance leases will continue indefinite until terminated by either party with a 30 day notice period. Hire purchases and leases are secured by property, plant and equipment. Leased assets are equipment which lease terms are approximately 1 to 36 months.

Defaults and breaches: No finance leases were in default during the financial year.
There are no finance leases which are subject to any restrictions.

20. BORROWINGS

Long-Term Borrowings

Annuity and Bullet Loans	39 907 531	43 846 523
	<u>39 907 531</u>	<u>43 846 523</u>

Less: Current Portion transferred to Current Borrowings:-

Current Annuity Loans	(4 059 825)	(4 063 951)
	<u>(4 059 825)</u>	<u>(4 063 951)</u>

Non-Current Portion of Borrowings

	<u>35 847 706</u>	<u>39 782 572</u>
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20.1 Summary of Arrangements

The municipality have the following annuity loans:

The municipality have the following annuity loans:

- a) DBSA @ 9.54% average interest rate redeemed on 31 December 2020
- b) DBSA @ 9.54% average interest rate redeemed on 31 December 2020
- c) DBSA @ 6.17% average interest rate redeemable on 31 December 2024
- d) DBSA @ 6.17% average interest rate redeemable on 31 December 2027
- e) Standard Bank @ 10.52% redeemable on 30 June 2034

Average interest rate for 2021 6.17 (2020: 9.54%) , the loans for DBSA has a semi floating interest rate.

Amounts payable under annuity loans

	Amount Payable	2021 Future Finance Obligation	Present Value of Annuity
Payable within one year	7 563 436	3 503 610	4 059 825
Payable within two to five years	33 187 301	11 702 991	21 484 311
Payable after five years	22 784 399	8 421 003	14 363 396
Present value of annuity loans obligations	<u>63 535 136</u>	<u>23 627 605</u>	<u>39 907 532</u>

	Amount Payable	2020 Future Finance Obligation	Present Value of Annuity
Payable within one year	8 341 878	4 277 927	4 063 951
Payable within two to five years	35 167 531	15 589 175	19 578 356
Payable after five years	28 625 220	8 421 003	20 204 217
Present value of annuity loans obligations	<u>72 134 628</u>	<u>28 288 106</u>	<u>43 846 523</u>

Assets pledged as security:

A mortgage bond is registered on the Ashton Town Hall in favour of the Development Bank of South Africa as security for the following loans:

- (a) Vehicle testing station
- (b) Paving

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

20.2 Obligations under Borrowings

Non - Current Annuity Loans	35 847 706	39 782 572
Current Portion transferred to Current Liabilities:	4 059 825	4 063 951
Total Borrowings	39 907 531	43 846 523

21. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities	84 013 938	75 297 681
Post-retirement Health Care Benefits Liability	52 257 000	45 051 000
Long Service Awards Liability	13 212 000	12 156 000
Staff Bonus	6 383 205	6 320 450
Staff Leave	12 161 734	11 770 231
Less: Current Portion of Employee Benefit Liabilities	22 569 938	22 022 821
Post-retirement Health Care Benefits Liability	2 705 000	2 245 139
Long Service Awards Liability	1 320 000	1 687 000
Staff Bonus	6 383 205	6 320 450
Staff Leave	12 161 734	11 770 231
Non-Current Portion of Employee Benefit Liabilities	61 444 000	53 274 860

21.1 Current Portion of Employee Benefit Liabilities

The movement in Current Portion of Employee Benefit Liabilities is reconciled as follows:

	Medical Aid	Long-term Service
30 June 2021		
Balance at end of year	2 705 000	1 320 000
30 June 2020		
Balance at end of year	2 245 139	1 687 000

Staff Bonus:

Opening Balance	5 370 717	5 575 760
Increases	10 846 902	10 404 710
Reductions	(9 834 415)	(9 578 239)
Reversals	-	(81 781)
Balance at end of year	6 383 205	6 320 450

Leave Provision

Opening Balance	11 770 231	10 143 082
Increases	8 077 476	6 868 882
Payments Made	(7 685 973)	(5 241 733)
Balance at end of year	12 161 734	11 770 231

21.2 Post-retirement Health Care Benefits Liability

Opening Balance	45 051 000	48 271 585
Interest Cost	4 418 002	4 368 091
Current Service Cost	1 422 999	1 751 388
Actual Employer Benefit Payments	(2 543 326)	(2 245 139)
Actuarial Loss/ (Gain) recognised in the year	3 908 324	(7 094 926)
Balance at end of Year	52 257 000	45 051 000
Transfer to Current Provisions	2 705 000	2 245 139
Non-Current Portion Post-retirement Health Care Benefits Liability	49 552 000	42 805 861

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	201	200
In-service Non-members (Employees)	497	509
Continuation Members (Retirees, widowers and orphans)	70	67
Total Members	768	776

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

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

In-service Members	15 917 000	14 687 000
In-service Non-members	5 917 000	4 773 000
Continuation Members	30 423 000	25 591 000
Total Liability	52 257 000	45 051 000

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Hosmed
- SAMWU Medical Aid
- Discovery Health

The Current-Service Cost for the year ending 30 June 2021 is estimated at R 1,423,000. It is estimated to be R 1,741,000 for the ensuing year.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9,84%	10,08%
Health Care Cost Inflation Rate	6,66%	6,19%
Net Effective Discount Rate	2,98%	3,66%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

Movements in the present value of the Defined Benefit Obligation were as follows:

Opening Balance	45 051 001	48 271 585
Interest Cost	4 418 000	4 368 093
Current Service Cost	1 423 000	1 751 388
Expenditure for the year	(2 508 000)	(2 245 139)
Actuarial Losses / (Gains)	3 873 000	(7 094 926)
Total Recognised Benefit Liability	52 257 001	45 051 001

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

Current service cost	1 423 000	1 751 388
Interest cost	4 418 000	4 368 093
Actuarial losses / (gains)	3 873 000	(7 094 926)
Total Post-retirement Benefit included in Employee Related Costs (Note 35.)	9 714 000	(975 445)

Tables below summarises the results of the sensitivity analysis

Sensitivity Analysis on the Accrued Liability

Assumption	Change	Eligible Employees	Continuation Members	Total	% Change
Central assumptions		21 834 000	30 423 000	52 257 000	
Health care inflation rate	1%	1 852 000	3 238 000	57 207 000	9%
Health care inflation rate	-1%		28 273 000	46 793 000	-10%
Discount rate	1%	18 235 000	28 019 000	46 254 000	-11%
Discount rate	-1%	2 647 000	3 323 000	59 700 000	14%
Post-employment mortality	1 year	21 269 000	29 381 000	50 650 000	-3%
Post-employment mortality	- 1 year	22 392 000	31 468 000	53 860 000	3%
Average retirement age	- 1 year	23 787 000	30 423 000	54 210 000	4%
Membership continuation	-10%	1 908 500	30 423 000	49 508 000	-5%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2021

Assumption	Change	Current-Service Cost	Interest Cost	Total	% Change
Central assumptions		1 423 000	4 418 000	5 841 000	
Health care inflation rate	1%	1 612 000	4 792 000	6 404 000	10%
Health care inflation rate	-1%	1 204 000	3 990 000	5 194 000	11%
Discount rate	1%	1 184 000	4 316 000	5 500 000	-6%
Discount rate	-1%	1 737 000	4 522 000	6 259 000	7%
Post-employment mortality	1 year	1 456 000	4 548 000	6 004 000	3%
Average retirement age	- 1 year	1 501 000	4 593 000	6 094 000	4%
Membership continuation	-10%	1 050 000	3 914 000	4 964 000	15%

Sensitivity Analysis on Current-Service

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Assumption	Change	Current-Service Cost	Interest Cost	Total	% Change
Central assumptions		1 741 000	5 012 000	6 753 000	
Health care inflation rate	1%	1 997 000	5 499 000	7 496 000	11%
Health care inflation rate	-1%	1 445 000	4 475 000	5 920 000	-12%
Discount rate	1%	1 425 000	4 871 000	6 296 000	-7%
Discount rate	-1%	2 151 000	5 160 000	7 311 000	8%
Post-employment mortality	1 year	1 699 000	4 854 000	6 553 000	-3%
Post-employment mortality	- 1 year	1 784 000	5 170 000	6 954 000	3%
Average retirement age	- 1 year	1 943 000	5 204 000	7 147 000	6%
Membership continuation	-10%	1 528 000	4 742 000	6 270 000	-7%

Refer to Note 56., "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	7,41%	10,08%
Health Care Cost Inflation Rate	2,57%	6,19%
Net Effective Discount Rate	4,72%	3,66%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

2021
R

2020
R

21.3 Long Service Awards Liability

Opening Balance	12 156 000	12 031 196
Current Service Cost	1 045 000	1 228 711
Interest Cost	837 000	1 062 087
Actuarial Gain	980 195	1 255 785
Payments Made	(1 806 195)	(1 238 210)
Other Reductions	-	(2 183 570)
Balance at end of Year	13 212 000	12 156 000
Transfer to Current Provisions	1 320 000	1 687 000
Total Long Service Awards Liability	11 892 000	10 469 000

The Current-Service Cost for the year ending 30 June 2021 is R 1,045,000. The Current-Service Cost for the ensuing year has been estimated to be R 1,179,000.

Long Service Award - The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9,44%	7,39%
General salary inflation	5,84%	3,99%
Net Effective Discount Rate	3,40%	3,27%
Expected Rate of Salary Increase	7,00%	7,00%
(Plus Additional 0.5% for employees who earn a basic salary of R 9000 or less)		
(Three-year salary and wage collective agreement ends on 30 June 2021)		
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability	% Change
Central assumptions		13 212 000	
General earnings inflation rate	1%	14 080 000	7%
General earnings inflation rate	-1%	12 428 000	-6%
Discount rate	1%	12 407 000	-6%
Discount rate	-1%	14 118 000	7%
Average retirement age	2 Years	15 245 000	15%
Average retirement age	-2 Years	11 675 000	12%
Withdrawal rates	x2	10 599 000	20%
Withdrawal rates	x0.5	15 032 000	14%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2021

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Assumption	Change	Current-Service Cost	Interest Cost	Total	% Change
Central assumptions		1 045 000	837 000	1 882 000	
General earnings inflation rate	1%	1 137 000	896 000	2 033 000	8%
General earnings inflation rate	-1%	961 000	784 000	1 745 000	-7%
Discount rate	1%	969 000	889 000	1 858 000	-1%
Discount rate	-1%	1 130 000	777 000	1 907 000	1%
Average retirement age	2 Years	1 162 000	972 000	2 134 000	13%
Average retirement age	-2 Years	936 000	729 000	1 665 000	12%
Withdrawal rates	x2	741 000	664 000	1 405 000	25%
Withdrawal rates	x0.5	1 277 000	958 000	2 235 000	19%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2022

Assumption	Change	Current-Service Cost	Interest Cost	Total	% Change
Central assumptions		1 179 000	1 187 000	2 366 000	
General earnings inflation rate	1%	1 280 000	1 269 000	2 549 000	8%
General earnings inflation rate	-1%	1 089 000	1 113 000	2 202 000	-7%
Discount rate	1%	1 097 000	1 228 000	2 325 000	-2%
Discount rate	-1%	1 273 000	1 137 000	2 410 000	2%
Average retirement age	2 Years	1 310 000	1 376 000	2 686 000	14%
Average retirement age	-2 Years	1 062 000	1 041 000	2 103 000	-11%
Withdrawal rates	x2	846 000	940 000	1 786 000	-25%
Withdrawal rates	x0.5	1 433 000	1 358 000	2 791 000	18%

22. PROVISIONS

Current Provisions	25 915 395	21 053 680
Non-current Provisions	45 608 041	45 075 533
Total Provisions	71 523 436	66 129 213

22.1 Current Provisions

Current Portion of Non-Current Provisions:	25 915 395	21 053 680
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	25 915 395	21 053 680
Total Provisions	25 915 395	21 053 680

**Decommissioning
of Landfill Sites**

R

30 June 2021

Opening Balance	21 053 680
Increases	4 861 715
Balance at end of year	25 915 395

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

**Decommissioning
of Landfill Sites**

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30 June 2020

Opening Balance	15 327 335
Increases	5 726 345

Balance at end of year	21 053 680
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22.2 Non-current Provisions

Decommissioning, Restoration and Similar Liabilities: Landfill Sites	45 608 041	45 075 533
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Total Non-current Provisions	45 608 041	45 075 533
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Decommissioning of Landfill Sites:

Opening Balance	44 118 303	44 960 496
Finance Charges	8 963 206	1 097 809
Payments Made	(7 839 297)	-
Other Reductions	-	2 196 411
Reversals	(4 861 715)	(5 726 345)
Increases (Passage of Time/Discounted Rate)	5 227 544	2 547 161
	45 608 041	45 075 533

LANDFILL SITES - USEFUL LIFE

Remaining Useful Life 30 June 2021

Montagu	Bonnievale	McGregor	Ashton
Landfill Site	Landfill Site	Transfer Station	Transfer Station
-	35,53	-	1,92

	Montagu	Bonnievale	McGregor	Ashton
Area (m)	17 190	28 890	35 752	48 517
Actual estimated closure date	2015	2056	2015	2023
Estimated decommission date	2043	2061	2034	2024
CPI	5,02%	5,02%	5,02%	5,02%
Discount Rate	7,43%	10,49%	7,43%	7,43%

The landfill rehabilitation is created for the rehabilitation of the current operational sites which are evaluated at each year- end to reflect the best estimate at reporting date. The sites under consideration are the Montagu, Bonnievale, McGregor and Ashton landfill sites.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
23. RESERVES		
Capital Replacement Reserve	62 920 999	62 920 999
Total Reserves	62 920 999	62 920 999
Reconciliation of the Capital Replacement Reserve:		
Opening Balance	62 920 999	62 920 999
Balance at end of year	62 920 999	62 920 999
24. ACCUMULATED SURPLUS		
Accumulated Surplus / (Deficit) due to the results of Operations	791 684 533	756 702 283
Accumulated Surplus / (Deficit)	756 701 614	674 643 495
Accumulated Surplus as per Financial Performance	34 982 918	82 058 787
Total Accumulated Surplus	791 684 533	756 702 283

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
25. PROPERTY RATES		
Total Property Rates	59 485 886	56 956 651
The above property rates includes rebates		
Property Rates are levied on the value of land and improvements, which valuation is performed every five years. The last valuation came into effect on 1 July 2014.		
Approval in terms of Section 32(2) (b) (ii) of the Municipal Property Rates Act, 2004, (no 6 of 2004) was granted for the extension of the current valuation roll of Langeberg Municipality to six (6) financial years. The implementation of the valuation roll of Langeberg Municipality will be 1 July 2021.		
Valuations		
Rateable Land and Building		
Business and Commercial Property	1 500 878 077	1 524 992 277
Municipal Properties	315 272 628	380 216 188
Residential Properties	5 742 672 163	5 905 451 283
State-owned Properties	289 685 700	289 685 700
Agricultural Properties	6 497 282 578	6 239 332 548
Other Categories	327 743 400	339 011 250
Total Value	14 673 534 546	14 678 689 246
Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.		
Tariffs	2020/2021	2019/2020
Residential	0.0068c	0.0065c
Commercial, Industrial & Government	0.0101c	0.0097c
Public Benefit Organisation	0.0014c	0.0013c
Agriculture	0.0014c	0.0013c
Rebates were granted on land with buildings used solely for dwellings purposes as follows:		
In terms of the Rates Policy of the municipality the first R80 000.00 of the market value of a property is exempted from paying rates and the first R15 000 on the valuation is exempted in terms section 17(1)(h) of the Municipal Property Rates Act, the subsequent R65 000 is a discretionary rebate.		
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been foregone by way of rebate or remission.		
26. FINES, PENALTIES AND FORFEITS		
Traffic Fines:	7 362 540	7 067 136
Other Fines:	174 750	46 452
Total Fines, Penalties and Forfeits	7 537 290	7 113 587
27. LICENCES AND PERMITS		
Hiking Trails	132 052	203 397
Road and Transport:	2 023 371	638 404
Trading	2 348	170
Total Licences and Permits	2 157 771	841 972
28. TRANSFERS AND SUBSIDIES RECEIVED		
Capital Grants	28 839 951	34 581 179
Allocations In-kind	477 987	1 522 114
Monetary Allocations	28 361 964	33 059 066
Operational Grants	117 747 700	112 271 888
Monetary Allocations	117 747 700	112 271 888
Total Transfers and Subsidies Received	146 587 651	146 853 067

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

28.1 Summary of Grants:

28.1.1 Capital Grants

	Allocations In-kind		Monetary Allocations	
	2021	2020	2021	2020
Total Capital Grants Received	477 987	1 522 114	28 361 964	33 059 066

28.1.2 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2021	2020	2021	2020
Total Operational Grants Received	-	-	117 747 700	112 271 888

28.2 Detailed Summaries

Operating Grants

Equitable Share		96 488 000	79 200 000
Expanded Public Works Programme		2 024 000	2 033 000
Local Government Financial Management		1 550 000	1 550 000
Municipal Infrastructure Grant		2 560 633	3 417 595
Integrated National Electrification Grant		3 611	410 296
Community Library Services Grant		3 539 000	3 370 000
Municipal Disaster Relief Grant		141 620	269 194
Western Cape Financial Management		165 000	-
Western Cape Financial Management		-	330 000
Library Services Grant: MRF		5 792 504	5 636 452
Human Settlements Development Grant - Beneficiaries		2 406 869	13 698 462
CWDM: Community Safety		151 200	353 647
Humanitarian Relief Grant		-	700 000
Neighbourhood Development Partnership Grant		1 690 051	1 024 671
LG SETA		608 621	
Human Settlements Development Grant - Title Deed Restoration		88 591	-
CWDM: Project Assistance		-	221 572
Community Development Workers Grant		38 000	57 000
CWDM: EPWP Projects		500 000	-
		117 747 700	112 271 889

Capital Grants

Municipal Infrastructure Grant	17 070 885	22 783 962
Integrated National Electrification Programme Grant	24 075	2 735 309
Municipal Disaster Relief Grant	-	66 186
CWDM: Councillors Laptops	-	434 783
Neighbourhood Development Partnership Grant	11 267 004	6 831 138
CWDM: King Edward Sport Grounds Upgrade	-	207 688
Private Enterprises	477 987	1 522 114
	28 839 951	34 581 180

Total Receipts for Government Grants

	146 587 651	146 853 069
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28.2.1 Equitable Share

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	96 488 000	79 200 000
Transferred to Revenue	(96 488 000)	(79 200 000)
Unspent Balance at the End of the Year	-	-

In terms of the Constitution, the grant is used to subsidise the provision of basic services to indigent community members. This grant is unconditional.

28.2.2 National: Expanded Public Works

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	2 024 000	2 033 000
Conditions Met - Transferred to Revenue: Operating	(2 024 000)	(2 033 000)
Unspent Balance at the End of the Year	-	-

The Expanded Public Works Programme Grant is used to be an incentive to the expand work creation efforts through the use of the labour intensive delivery methods.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

28.2.3 National: Financial Management

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 550 000	1 550 000
Transferred to Revenue	(1 550 000)	(1 550 000)
Unspent Balance at the End of the Year	-	-

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

28.2.4 National: Municipal Infrastructure Grant

Debtors - Transfers and Subsidies	(2 960 482)	1 258 075
Current Year Receipts	22 592 000	21 983 000
Conditions Met - Transferred to Revenue - Operating	(2 560 633)	(3 031 445)
Conditions Met - Transferred to Revenue - Capital	(17 070 885)	(20 209 630)
MIG expenditure incurred in 2020 and fund received in 2021		(2 960 482)
Unspent Balance at the End of the Year	(0)	(2 960 482)

The Municipal Infrastructure Grant (MIG) was used to upgrade infrastructure in previously disadvantaged areas.

28.2.5 CDWM: King Edward Sport

Unspent Balance at the Beginning of the Year	-	207 688
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue - Capital	-	(207 688)
Unspent Balance at the End of the Year	-	-

The grant is used for maintenance, repair and alterations to the King Edwards Sports Ground facilities.

28.2.6 CWDW: Tourism Route

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	-	100 000
Repaid to National Treasury Revenue Fund	-	(100 000)
Unspent Balance at the End of the Year	-	-

This grant was meant to be used for the development of tourism booklets for the Langeberg area.

28.2.7 Integrated National Electrification Grant

Unspent Balance at the Beginning of the Year	675 158	(1 179 237)
Current Year Receipts	-	5 000 000
Conditions Met - Transferred to Revenue - Operating	(3 611)	(410 296)
Conditions Met - Transferred to Revenue - Capital	(24 075)	(2 735 309)
Repayment	(371 158)	
Unspent Balance at the End of the Year	276 314	675 158

Then National Electrification Grant is used to address the electrification backlog of all existing and planned residential dwellings (including the upgrading informal settlements, new and normalisation of existing dwellings) and the installation of relevant bulk infrastructure.

28.2.8 Community Library Services Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	3 539 000	3 370 000
Transferred to Revenue - Operating	(3 539 000)	(3 370 000)
Unspent Balance at the End of the Year	-	-

The Community Library Services Grant is used to pay costs relating to library services. Eg: Employee related costs of library staff.

28.2.9 Fire Service Capacity Building

Unspent Balance at the Beginning of the Year	-	19 030
Repaid to Treasury Revenue Fund	-	(19 030)
Conditions Met - Transferred to Revenue	-	-
Unspent Balance at the End of the Year	-	-

This grant is used to ensure functional emergency communication, mobilisation systems and fire services.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

28.2.10 Municipal Disaster Relief Grant

Unspent Balance at the Beginning of the Year	141 620	-
Current Year Receipts	-	477 000
Conditions met - Operating	(141 620)	(269 194)
Conditions met - Capital	-	(66 186)
Unspent Balance at the End of the Year	-	141 620

28.2.11 Western Cape Financial Management Capacity Building Grant

Unspent Balance at the Beginning of the Year	739 000	478 000
Current Year Receipts	300 000	379 000
Transferred to Revenue	(165 000)	(118 000)
Repaid to Treasury Revenue Fund	(739 000)	-
Unspent Balance at the End of the Year	135 000	739 000

28.2.12 Western Cape Financial Management Support Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	-	330 000
Transferred to Revenue	-	(330 000)
Unspent Balance at the End of the Year	-	-

Western Cape Financial Management Support Grant is used to provide financial assistance to municipalities to improve the overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

28.2.13 Library Services Grant - MRF

Unspent Balance at the Beginning of the Year	382 548	-
Current Year Receipts	6 380 000	6 019 000
Transferred to Revenue - Operating	(5 792 504)	(5 636 452)
Unspent Balance at the End of the Year	970 044	382 548

The Community Library Services MRF grant is used to transform urban and rural community library infrastructure, facilities and service (primarily targeting previously disadvantaged communities) through a recapitalise programme at provincial level in support of local government and national initiatives.
 Eg (Salaries and operational costs).

28.2.14 Provincial: Department Human Settlement (Beneficiaries)

Balance unspent at the beginning of the year	208 344	5 251 622
Current year receipts	2 490 869	12 549 449
Conditions met - transferred to Revenue: Operating Expenses	(2 406 869)	(13 698 462)
Repayment	-	(356 346)
Unspent Balance at the End of the Year	292 344	3 746 263

This grant is for the building of low cost housing. The municipality is only the agent of the department of Human Settlement for the construction of low cost houses. No funds have been withheld.

28.2.15 CWDM: Construction of Boundary Walls of Sports Fields

Balance unspent at the beginning of the year	32 199	32 199
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Unspent Balance at the End of the Year	32 199	32 199

This grant is an initiative for the erection and maintenance of boundary walls for the Langeberg sports fields and community wall.

28.2.16 Community Safety

Balance unspent at the beginning of the year	477 553	-
Current year receipts	240 000	831 200
Conditions met - transferred to Revenue: Operating Expenses	(151 200)	(353 647)
Unspent Balance at the End of the Year	566 353	477 553

The grant was used to repair the water pipelines and to detect the water pipelines by CCTV cameras.

28.2.17 Councillors Laptops

Balance unspent at the beginning of the year	-	-
Debtor raised - Transferred to non-exchange transactions	500 000	434 783
Laptops bought - Funds not yet received: Capital	(434 783)	(434 783)
Unspent Balance at the End of the Year	65 217	-

The grant was used to purchase the necessary electronic equipment for councillors. A Receivable from Non-Exchange transactions was raised for this amount in 2020.

28.2.18 Humanitarian Relief Grant

Balance unspent at the beginning of the year	-	-
Current-year receipts	-	757 000
Conditions met - Transferred to revenue: Operating	-	(757 000)
Unspent Balance at the End of the Year	-	-

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

28.2.19 Neighbourhood Development

Balance unspent at the beginning of the year	144 191	-
Current-year receipts	20 000 000	8 000 000
Conditions met - Transferred to revenue: Operating	(1 690 051)	(1 024 671)
Conditions met - Transferred to revenue: Capital	(11 267 004)	(6 831 138)
Repayment	(6 787 695)	
Unspent Balance at the End of the Year	399 441	144 191

28.2.20 SETA Grant

Balance unspent at the beginning of the year	356 789	-
Current-year receipts	251 832	356 789
Transferred to Revenue	(608 621)	-
Unspent Balance at the End of the Year	-	356 789

28.2.21 Bakery Project

Balance unspent at the beginning of the year	168 875	168 875
Current-year receipts	-	-
Conditions met - Transferred to revenue: Operating	-	-
Conditions met - Transferred to revenue: Capital	-	-
Unspent Balance at the End of the Year	168 875	168 875

28.2.22 Provincial: Department Human Settlement (Title Deed Restoration)

Balance unspent at the beginning of the year	3 316 348	-
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	(88 591)	-
Unspent Balance at the End of the Year	3 227 757	-

28.2.23 Water Services Infrastructure Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	21 093 000	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Unspent Balance at the End of the Year	21 093 000	-

28.2.24 Development of Sport and Recreation Facilities

Balance unspent at the beginning of the year	-	-
Current year receipts	800 000	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Unspent Balance at the End of the Year	800 000	-

28.2.40 Community Development Workers Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	38 000	-
Conditions met - transferred to Revenue: Operating Expenses	(38 000)	-
Unspent Balance at the End of the Year	-	-

28.2.41 CDWM: EPWP Projects

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	500 000	-
Conditions met - transferred to Revenue: Operating Expenses	(500 000)	-
Unspent Balance at the End of the Year	-	-

29. SERVICE CHARGES

Availability Charges From Non-Exchange Transactions

Electricity Availability Charges	1 329 482	1 305 647
Water Availability Charges	1 109 513	1 040 329
Sewerage and Sanitation Availability	981 441	864 856
Total Non-Exchange Service Charges	3 420 436	3 210 832

Service Charges From Exchange Transactions

Sale of Electricity	462 635 342	431 196 559
Sale of Water	45 260 082	44 432 684
Refuse Removal	21 508 056	20 498 905
Sewerage and Sanitation Charges	23 621 905	21 874 456
Total Exchange Service Charges	553 025 385	518 002 604
Total Service Charges	556 445 821	521 213 436

The above service charges includes free basic services and rebates for the different services. The rebate amounts to R 43,213,037(2020: R 37,860,465).

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

30. SALES OF GOODS AND RENDERING OF SERVICES

Advertisements	6 161	1 358
Building Plan Approval	1 126 684	767 521
Building Plan Clause Levy	-	7 814
Cemetery and Burial	459 879	366 168
Cleaning and Removal	-	4 560
Development Charges	1 955 485	3 072 782
Encroachment Fees	80 355	44 433
Entrance Fees	-	295 142
Fire Services	82 738	106 299
Legal Fees	314 935	-
Photocopies and Faxes	15 781	70 892
Removal of Restrictions	8 695	17 578
Sale of Goods	447 413	533 956
Scrap, Waste & Other Goods	1 187 334	473 339
Traffic Control	11 875	26 000
Valuation Services	219 265	142 019
Total Sales of Goods and Rendering of Services	5 916 599	5 929 862

31. INCOME FROM AGENCY SERVICES

Commission on Vehicle Registration	5 166 816	3 834 776
Total Income from Agency Services	5 166 816	3 834 776

The municipality is party to a principal / agent agreement.

The municipality is an agent on behalf of the Western Cape Provincial Department of Transport and Public Works in collecting motor vehicle licences at an agency fee of 12%, VAT inclusive.

There were no significant changes in the agreement which occurred during the reporting period.

No material risks were identified on the agreement for the municipality.

The municipality does not incur any expenses on behalf of the principal.

R741 899,11 (2020: R227 325.35), Revenue due to the Principal not paid over at year end included in Payables from Exchange transactions.

Amount of revenue retained by the municipality

Income from Agency Fees	5 166 816	3 834 776
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Amount of revenue received on behalf of the principle during the reporting period

Motor vehicle licence fees	25 970 026	19 473 519
RTMC transaction fees	1 954 584	1 727 064

32. RENTAL FROM FIXED ASSETS

Straight-lined Operating Lease Revenue

Other Fixed Assets:	2 795 556	2 674 682
Property Plant and Equipment	2 795 556	2 674 682
Ad-hoc Rental Income from Other Fixed	107 232	87 836
Property Plant and Equipment	107 232	87 836
Total Rental of Facilities and Equipment	2 902 789	2 762 518

Rental income generated are at market related premiums. All rental income recognised is therefore market related.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

33. FINANCE INCOME

Non-exchange Receivables:

Outstanding Billing Debtors	640 594	533 076
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Total Non-exchange Finance Income

	640 594	533 076
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External Investments:

Bank Account	3 917 938	4 858 889
Investments	6 524 900	8 406 588

	10 442 838	13 265 477
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Outstanding Exchange Receivables:

Long-term Debtors	6 593	4 920
Housing & Housing Selling Schemes	6 593	4 920

Outstanding Billing Debtors	2 259 092	2 078 426
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Electricity	809 415	685 279
Property Rental Debtors	18 287	15 406
Service Charges	129 742	282 869
Waste Management	380 591	323 670
Waste Water Management	450 631	375 007
Water	470 425	396 194

	2 265 685	2 083 346
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Total Exchange Finance Income

	12 708 523	15 350 480
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Total Finance Income

	13 349 116	15 883 556
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34. OPERATIONAL REVENUE

Administrative Handling Fees	61 227	55 940
Breakages and Losses Recovered	-	1 000
Commission	295 172	277 108
Discounts and Early Settlements	-	-
Incidental Cash Surpluses	25 807	42 016
Insurance Refund	4 486 594	740 716
Merchandising, Jobbing and Contracts	58 945	89 833
Registration Fees	333 247	239 984
Request for Information	7 865	7 460
Skills Development Levy Refund	-	-
Staff Recoveries	28 535	135 792
Contribution to Provision	7 839 297	-

Total Operational Revenue

	13 136 689	1 589 849
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LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
35. EMPLOYEE RELATED COSTS		
Salaries and Wages:		
Basic	132 990 000	129 062 123
Long Service Awards	1 045 001	1 154 000
Bonuses	1 463 902	837 438
Leave Payments	8 458 627	6 858 622
Overtime	8 440 636	8 709 745
Allowances:		
Acting and Post Related Allowances	227 745	242 177
Bonus Allowance	9 323 566	9 492 182
Cellular and Telephone	671 570	698 943
Fire Brigade	381 700	339 398
Housing Benefits	1 922 262	1 882 278
Standby Allowance	3 906 022	3 722 705
Travel or Motor Vehicle	4 649 811	5 002 492
Uniform/Special/Protective Clothing	78	78
Social Contributions:		
Bargaining Council	87 952	80 441
Group Life Insurance	181 485	188 593
Medical	7 177 093	6 494 390
Pension	22 008 419	21 447 729
Unemployment Insurance	1 197 750	1 070 012
Post-retirement Benefits:		
Current Service Cost	1 422 999	2 732 388
Interest Cost	4 418 002	4 368 091
Actuarial Gains and Losses	4 888 519	(8 450 716)
Total Employee Related	214 863 139	195 933 110
35.1 Remuneration of Section 57 Employees:		
Remuneration of the Municipal Manager: SA Mokweni (Retired on the 31 August 2020)		
Annual Remuneration	273 969	1 526 163
Performance Bonus	267 537	251 208
Car and Other Allowances	18 000	108 000
Cell Phone Allowance	9 818	58 909
Company Contributions to UIF and Pension Funds	46 433	276 815
Payments in lieu of leave	124 201	
Total	739 959	2 221 095
Remuneration of the Municipal Manager: ASA de Klerk (Appointed on the 01 March 2021)		
Annual Remuneration	385 455	-
Performance Bonus	-	-
Car and Other Allowances	32 000	-
Cell Phone Allowance	-	-
Company Contributions to UIF and Pension Funds	70 117	-
Payments in lieu of leave	19 636	-
Total	507 209	-
Remuneration of the Chief Financial Officer: B Brown (Resigned on the 31 May 2020)		
Annual Remuneration	-	1 088 505
Performance Bonus	189 331	193 937
Car and Other Allowances	-	66 000
Cell Phone Allowance	-	41 017
Payments in lieu of leave	-	135 795
Company Contributions to UIF and Pension Funds	-	197 861
Total	189 331	1 723 115

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Remuneration of the Chief Financial Officer: M Shude (Appointed from the 01 October 2020)

Annual Remuneration	685 705	-
Performance Bonus	-	-
Car and Other Allowances	180 000	-
Cell Phone Allowance	33 559	-
Company Contributions to UIF and Pension Funds	17 452	-
Payments in lieu of leave	58 877	-
Total	975 593	-

Remuneration of the Director: Corporate Services - AWJ Everson

Annual Remuneration	1 348 325	1 263 819
Performance Bonus	63 841	74 930
Car and Other Allowances	102 603	102 603
Cell Phone Allowance	44 746	44 746
Company Contributions to UIF and Pension Funds	244 838	229 593
Payments in lieu of leave	161 525	-
Total	1 965 878	1 715 691

Remuneration of Director: Infrastructure and Engineering - IAB van der Westhuizen

Annual Remuneration	-	109 375
Performance Bonus	-	45 033
Medical aid contributions	-	3 983
Cell Phone Allowance	-	3 729
Company Contributions to UIF and Pension Funds	-	19 863
Payments in lieu of leave	-	128 274
Total	-	310 257

IAB van der Westhuizen resigned on 31 July 2019.

Remuneration of Director: Infrastructure and Engineering - M Johnson

Annual Remuneration	901 581	569 221
Cell Phone Allowance	44 746	29 831
Medical Aid contributions	49 072	31 321
Car and Other Allowances	176 666	118 333
Company Contributions to UIF and Pension Funds	189 538	119 721
Performance Bonus	117 403	-
Total	1 479 007	868 427

Remuneration of Director: Corporate Services - M Mgajo

Annual Remuneration	1 099 279	1 032 091
Performance Bonus	145 525	53 908
Medical Aid Allowance	57 277	93 166
Car and Other Allowances	49 068	49 068
Cell Phone Allowance	44 746	44 746
Company Contributions to UIF and Pension Funds	200 010	187 882
Total	1 595 905	1 460 861

Remuneration of Director: Strategy and Social Development - CO Matthys

Annual Remuneration	1 352 909	1 268 263
Performance Bonus	63 946	75 054
Car and Other Allowances	100 000	100 000
Cell Phone Allowance	44 746	44 746
Company Contributions to UIF, Medical and Pension Funds	245 663	230 393
Payments in lieu of leave	64 723	-
Total	1 871 987	1 718 456

Summary of Remuneration of Section 57 Employees:

All Directors	9 324 868	10 017 902
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Total Remuneration of Section 57 Employees

9 324 868	10 017 902
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36. REMUNERATION OF COUNCILLORS

Executive Mayor	842 753	938 250
Deputy Executive Mayor	759 478	759 478
Speaker	93 415	759 478
Mayoral Committee Members	2 700 774	2 859 148
Total for All Other Councillors	6 304 682	5 701 618
Total Councillors' Remuneration	10 701 101	11 017 972

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Remuneration of Councillors:

30 June 2021	Basic salary	Travel allowance	Other allowances	Pension and Medical Aid contribution	Total
Executive mayor	600 806	85 033	36 823	120 090	842 753
Deputy executive mayor	648 445	18 000	44 400	48 633	759 478
Speaker	61 575	11 407	8 426	12 007	93 415
Executive mayoral committee members	2 014 718	117 661	177 600	390 794	2 700 774
Section 79 committee chairperson	2 216 287	235 707	242 320	105 998	2 800 311
Councillors	2 439 377	99 094	503 581	462 319	3 504 371
	7 981 207	566 902	1 013 150	1 139 842	10 701 101

30 June 2020	Basic salary	Travel allowance	Other allowances	Pension and medical aid contribution	Total
Executive mayor	744 017	43 999	44 400	105 834	938 250
Deputy executive mayor	648 445	18 000	44 400	48 633	759 478
Speaker	517 689	96 440	44 400	100 949	759 478
Executive mayoral committee members	2 153 329	135 208	177 600	393 011	2 859 148
Section 79 committee chairperson	1 901 257	103 605	264 702	159 354	2 428 918
Councillors	2 373 017	109 604	446 868	343 211	3 272 700
	8 337 754	506 856	1 022 370	1 150 992	11 017 972

Initial(s) and Surname - Council Members	Designation 2021	Designation 2020	Total	Total
HM Jansen	-	Mayor	17 945	938 250
SW van Eeden	Mayor	Speaker	918 224	759 478
GD Joubert	Deputy Mayor	Deputy Mayor	759 478	759 478
JD Burger	Member of Mayoral Committee	Member of Mayoral Committee	677 444	714 787
DB Janse	Member of Mayoral Committee	Member of Mayoral Committee	677 443	714 787
EMJ Scheffers	Member of Mayoral Committee	Member of Mayoral Committee	677 443	714 787
SW Strauss	Member of Mayoral Committee	Member of Mayoral Committee	-	714 787
SW van Zyl	Member of Mayoral Committee	Member of Mayoral Committee	677 443	-
NJ Beginsel	Member of Council and Section 79	Member of Council and Section 79	118 552	391 833
P Hess	Speaker	Member of Council and Section 79	712 840	407 417
J Kriel	Member of Council and Section 79	Member of Council and Section 79	407 417	407 417
DJW Kuhn	Member of Council and Section 79	Member of Council and Section 79	407 417	367 344
H Mangenengene	-	Member of Council and Section 79	67 903	407 417
SD Beginsel	Member of Council and Section 79	Member of Council and Section 79	211 121	-
LM Swanepoel	Member of Council	Member of Council and Section 79	339 423	407 417
JDF van Zyl	Member of Council	Member of Council and Section 79	327 270	367 344
E Bosjan	Member of Council	Member of Council and Section 79	327 270	327 270
S du Plessis	Member of Council	Member of Council	327 270	327 270
CJ Grootboom	Member of Council	Member of Council	327 270	327 270

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

JJJS Januarie	Member of Council	Member of Council	327 270	327 270
JS Maflika	Member of Council	Member of Council	327 270	327 270
LJ Prince	Member of Council and Section 79	Member of Council and Section 79	325 454	-
BH Nteta	Member of Council	Member of Council	327 270	327 270
AJ Shibili	Member of Council	Member of Council	327 270	327 270
OC Simpson	Member of Council	Member of Council	327 270	327 270
TM van der Merwe	Member of Council and Section 79	Member of Council	395 264	327 270
EW Hohlo	Member of Council and Section 79	Member of Council and Section 79	364 861	-
			10 701 101	11 017 973

In-kind Benefits

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

37. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	32 985 036	29 321 194
Depreciation: Investment Property	60 073	57 936
Total Depreciation and Amortisation	33 045 109	29 379 130

38. BAD DEBT WRITTEN OFF

Bad Debts Written Off	10 679 186	4 124 938
Total Bad Debts Written Off	10 679 186	4 124 938

39. IMPAIRMENT LOSSES

Property, Plant and Equipment	3 765 746	4 921 674
Investment Property	-	208 379
Receivables from Exchange Transactions	5 387 292	3 262 288
Receivables from Non-Exchange Transactions	1 614 170	4 222 328
Reversal of Impairment	(648 639)	(2 447 440)
Total Impairment Losses	10 118 569	10 167 230

40. INVENTORY LOSSES

Inventory Gains\ (Losses)	6 107	(53 309)
Total Inventory Gains\ (Losses)	6 107	(53 309)

41. Finance Cost

Interest Paid:	10 383 445	4 455 395
Borrowings	4 156 149	1 639 586
Finance Leases	162 753	268 649
Interest costs non-current Provisions	5 227 544	1 566 161
Long Service Awards	837 000	981 000
Overdue Accounts	-	-
Total Interest Expense	10 383 445	4 455 395
Total Finance Cost	10 383 445	4 455 395

42. BULK PURCHASES

Electricity	364 560 122	339 725 520
Water	6 289 996	2 979 243
Total Bulk Purchases	370 850 118	342 704 763

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

43. CONTRACTED SERVICES

Outsourced Services	3 294 768	1 720 096
Consultants and Professional Services	3 557 492	4 402 346
Contractors	21 160 638	20 032 787
Total Contracted Services	28 012 899	26 155 230

43.1 Outsourced Services

Administrative and Support Staff	-	-
Burial Services	181 548	194 082
Business and Advisory	2 621 374	996 212
Cleaning Services	38	17 325
Hygiene Services	-	15 282
Litter Picking and Street Cleaning	-	65 900
Personnel and Labour	37 000	40 600
Security Services	418 508	341 696
Translators, Scribes and Editors	-	3 500
Transport Services	36 300	45 500
	3 294 768	1 720 096

43.2 Consultants and Professional Services

Business and Advisory	2 126 754	2 211 862
Infrastructure and Planning	-	1 009 690
Laboratory Services	292 440	333 729
Legal Cost	1 138 297	847 065
	3 557 492	4 402 346

43.3 Contractors

Artists and Performers	125 500	177 000
Catering Services	5 420	32 359
Chipping	26 246	146 933
Electrical	3 504 528	2 731 355
Event Promoters	39 004	52 550
Fire Protection	-	17 532
Inspection Fees	40 652	-
Maintenance of Buildings and Facilities	1 272 280	859 689
Maintenance of Equipment	313 604	583 930
Maintenance of Computer Software	9 246 099	9 217 441
Management of Informal Settlements	2 185 755	2 397 192
Medical Services	60 174	40 192
Photographer	6 500	6 500
Plants, Flowers and Other Decorations	400	2 557
Prepaid Electricity Vendors	4 208 834	3 726 771
Preservation/Restoration/Dismantling/Cleaning Services	100 687	-
Safeguard and Security	23 196	29 397
Stage and Sound Crew	-	7 000
Transportation	1 758	4 389
	21 160 638	20 032 787

44. INVENTORY CONSUMED

Consumables	3 399 779	3 187 037
Housing Stock	28 886 858	749 890
Materials and Supplies	16 599 192	11 983 345
Total Inventory Consumed	48 885 829	15 920 272

45. TRANSFERS AND SUBSIDIES PAID

Operational Grants	2 131 698	3 124 531
Allocations In-kind	43 578	56 084
Monetary Allocations	2 088 121	3 068 448
Total Transfers and Subsidies Paid	2 131 698	3 124 531

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

46. OPERATIONAL COSTS

Included in General Expenses are the following:

Achievements and Awards	-	-
Advertising, Publicity and Marketing	939 714	1 060 461
Bank Charges, Facility and Card Fees	845 330	889 781
Bursaries (Employees)	162 622	125 238
Cleaning Services	1 742	276
Commission	220 016	212 106
Communication	2 299 471	2 115 925
Contribution to Provisions	-	2 196 411
Courier and Delivery Services	688	1 293
Drivers Licences and Permits	12 340	19 948
Entertainment	-	870
External Audit Fees	4 624 677	4 866 891
External Computer Service	7 241 728	6 295 870
Full Time Union Representative	143 225	160 567
Hire Charges	550 034	614 152
Insurance Underwriting	4 276 862	3 616 014
Land Alienation Costs	-	17 846
Licences	597 930	389 756
Permits	330	-
Printing, Publications and Books	1 001 538	922 541
Professional Bodies, Membership and Subscription	2 403 981	2 106 064
Registration Fees	48 618	40 213
Remuneration to Ward Committees	567 500	403 000
Resettlement Cost	147 092	7 850
Roadworthy Test	9 112	11 811
Skills Development Fund Levy	1 484 033	1 411 395
System Access and Information Fees	91 668	93 826
Travel and Subsistence	317 636	360 020
Uniform and Protective Clothing	1 596 804	930 707
Vehicle Tracking	-	152 355
Wet Fuel	7 540 810	7 092 901
Witness Fees	420	2 208
Workmen's Compensation Fund	1 316 392	2 146 696
Total Operational Costs	38 442 314	38 264 989

46.1 Travel and Subsistence

Domestic	217 344	285 959
Accommodation	94 913	96 837
Daily Allowance	76 840	16 133
Food and Beverage (Served)	-	1 512
Incidental Cost	4 732	10 200
Transport without Operator	40 859	120 918
Transport with Operator	-	40 358
Foreign	-	14 240
Transport with Operator	-	14 240
Non-employees	100 293	59 822
	317 636	360 020

No other extraordinary expenses were incurred.

47. GAINS AND LOSSES ON OTHER OPERATIONS

Fair Value Gains on Investments	63 047	(43 104)
Total Gains on Other Operations	63 047	(43 104)

48. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

Investment Property	-	120 975
Property, Plant and Equipment	340 743	302 512
Total Gains / (Losses) on Disposal of Capital Assets	340 743	423 487

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

49. CORRECTION OF ANNUAL FINANCIAL STATEMENTS

49.1 Reclassification of Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2019/2020
Property Rates	56 956 651	-	-	56 956 651
Fines, Penalties and Forfeits	7 113 588	-	(1)	7 113 587
Transfers and Subsidies (Note 1)	143 892 585	-	2 960 482	146 853 067
Finance Cost - Non- Exchange (Note 2)	534 734	-	(1 658)	533 076
Licences and Permits - Exchange	841 971	-	1	841 972
Service Charges	521 213 436	-	(3 210 832)	518 002 604
Sales of Goods and Rendering of Services	5 929 764	-	98	5 929 862
Income from Agency Services	3 834 776	-	-	3 834 776
Rental from Fixed Assets	2 762 518	-	-	2 762 518
Finance Cost - Exchange (Note 2)	15 348 823	-	1 658	15 350 480
Operational Revenue	1 589 849	-	-	1 589 849
Gains on Disposal of PPE	423 487	-	-	423 487
Gains on Other Operations	(43 104)	-	-	(43 104)
	760 399 078	-	(250 252)	760 148 824

Note 1: Municipal Infrastructure Grant (MIG) Capital Revenue Recognised in 2019/ 2020, after funding was received in 2021.

The MIG will not have an financial effect on the Cash Flow Statement of 30 June 2020 as the funds was only received within the annual financial year ended 30 June 2021, thus it will be non-cash item on relating Cash Flow Statement of 30 June 2020.

Note 2: Finance Cost Exchange incorrectly classified as Finance Cost Non-Exchange.

49.2 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2019/20
Employee Related Costs	195 933 109	-	1	195 933 110
Remuneration of Councillors	11 017 972	-	-	11 017 972
Depreciation and Amortisation	29 379 130	-	-	29 379 130
Inventory losses	(53 309)	-	-0,05	(53 309)
Bad Debt Written Off	4 124 938	-	-	4 124 938
Impairment Losses	10 167 229	-	1	10 167 230
Interest, Dividends and Rent on Land	4 455 396	-	(1)	4 455 395
Bulk Purchases	342 704 763	-	-	342 704 763
Contracted Services	26 155 230	-	-	26 155 230
Inventory Consumed	15 920 272	-	-	15 920 272
Transfers and Subsidies Paid	3 124 531	-	-	3 124 531
Operational Costs	38 264 989	-	-	38 264 989
	681 194 250	-	1	681 194 250

49.3 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2019/20
Current Assets				
Inventories	40 895 223	-	1	40 895 224
Receivables from Exchange Transactions	63 026 560	-	-	63 026 560
Statutory Receivables from Exchange Transactions	-	-	1 518 864	1 518 864
Receivables from Non-exchange Transactions	15 522 838	-	(2 760 881)	12 761 957
Statutory Receivables from Non-exchange Transactions	-	-	5 721 362	5 721 362
VAT Receivable	1 518 864	-	(1 518 864)	-
Cash and Cash Equivalents (Note 1)	200 973 607	-	(1)	200 973 606
Lease Receivables	108 595	-	-	108 595
Long-term Receivables	-	-	-	(0)
Non-Current Assets				
Property, Plant and Equipment	748 561 387	-	-	748 561 387
Intangible Assets	1 017 125	-	-	1 017 125
Investment Property	28 040 106	-	-	28 040 106
Heritage Assets	275 448	-	-	275 448
Investments	72 499	-	-	72 499
Long-term Receivables (Note 2)	-	-	596 971	596 971
Receivables from exchange transactions (Note 2)	255 168	-	(255 168)	-
Receivables from non-exchange transactions (Note 2)	341 803	-	(341 803)	-
Current Liabilities				
Consumer Deposits	(12 726 209)	-	-	(12 726 209)
Payables from Exchange Transactions	(77 506 366)	-	(1)	(77 506 367)
Unspent Conditional Grants and Receipts	(6 642 626)	-	1	(6 642 625)
Borrowings	(4 063 951)	-	-	(4 063 951)
Employee Benefit Liabilities	(22 022 820)	-	(1)	(22 022 821)
Provisions	(21 053 680)	-	-	(21 053 680)
Lease Payables	(964 664)	-	-	(964 664)
Non-Current Liabilities				
Lease Payables	(833 141)	-	-	(833 141)
Borrowings	(39 782 572)	-	-	(39 782 572)
Employee Benefit Liabilities	(53 274 861)	-	1	(53 274 860)
Provisions	(45 075 532)	-	(1)	(45 075 533)
Net Assets				
Reserves	(62 921 000)	-	1	(62 920 999)
Accumulated Surplus / (Deficit)	(753 741 801)	-	(2 960 482)	(756 702 283)
	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(0)</u>

Note1: Municipal Infrastructure Grant (MIG) Capital Revenue Recognised in 2019/ 2020, after funding was received in 2021. The MIG will not have an effect on the Cash Flow Statement of 30 June 2020 as the funds was only received within the annual financial year ended 30 June 2021, thus it will be a non-cash item on relating Cash Flow Statement of 30 June 2020.

Note 2: Reclassification between Long Term Receivable and Receivables from Exchange transactions and Receivables from Non-exchange transactions per mSCOA classification.

Reclassification of Receivables and Statutory Receivables

The prior year figures of Exchange Receivables, Statutory Exchange Receivables, Non-exchange Receivables and Statutory Non-exchange Receivables have been

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 3:

	Non-exchange Receivables	Statutory Non-exchange Receivables
Balances published as at 30 June 2020	15 522 838	-
Transfer of Receivables to Statutory Receivables - Note 1	(5 721 363)	5 721 363
Balances published as at 30 June 2020	9 801 475	5 721 363

Note 1: Property Rates per the published balance of R 5 262 920 as at 30 June 2020 meet the GRAP 108 recognition criteria.
Fines as per the published balance of R 458 333 as at 30 June 2020 meet the GRAP 108 recognition criteria.

The total accumulated published balances of Property Rates and Fines of R 5 721 363 were transferred to Statutory Non-Exchange Receivables.

	VAT Receivable	Statutory Non-exchange Receivables
Balances published as at 30 June 2020	1 518 864	-
Transfer of Receivables to Statutory Receivables - Note 2	(1 518 864)	1 518 864
	-	1 518 864

Note 2: VAT Receivable per the published balance of R 1 518 864 as at 30 June 2020 meet the GRAP 108 recognition criteria.

The total accumulated published balances of VAT Receivable of R 1 518 864 were transferred to Statutory Non-Exchange Receivables.

50. CHANGE IN ACCOUNTING POLICY

The municipality adopted the following Accounting Standards for the first time during the financial year 2020/21 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1:

- GRAP 110 Living and Non-living Resources
- GRAP 18 Segment Reporting

The municipality adopted the exempted portions of the following International Accounting Standards for the first time during the financial year 2020/21 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1.

50.1 GRAP 18 Segment Reporting

The Accounting Standard for Segment Reporting has been recognised in the Annual Financial Statements of the municipality as at 30 June 2021 in terms of GRAP 18.

The municipality has developed Accounting Policies to fully comply with GAP 18 (Segment Reporting). Previously the Accounting Standard was not applicable to municipalities.

Management has assessed the requirements of GRAP 18 and identified the following shortcomings preventing full disclosure in terms of the Accounting Standard:

- The municipality's accounting system has limitations that does not allow for segmental reporting on financial position, net assets and cash flow.
- The municipality is broadly organised into business units based on the nature of operations and the services they provide and the accounting system allows for
- No individually material operating segments have been aggregated to form the reportable operating segments.
- The municipality does not monitor segments geographically.

Based on the above, management has concluded that the municipality will be able to report separate segments subject to the limitations listed above.

50.2 GRAP 110 - Living and Non-living Resources

The Accounting Standard for Living and Non-living Resources not recognised under previous basis of accounting, has been considered for inclusion in the Annual Financial Statements of the municipality as at 30 June 2021 in terms of GRAP 110.

Management has evaluated the requirements of the Standard and it was found that it is not applicable to the municipality at this stage. Therefore, no adjustments need to be made and no Accounting Policies need to be developed to fully comply with GRAP 110.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

51. CASH GENERATED BY OPERATIONS

	2021 R	2020 R
Surplus	34 982 918	79 098 210
Adjustments for:		
Depreciation and amortisation	33 045 109	29 379 130
(Gain)/loss on sale of assets and liabilities	(340 743)	1 443 004
Fair value adjustments	(63 047)	43 104
Finance costs - Finance leases		268 649
PPE - Impairment loss	3 765 746	2 722 230
Debtors Impairment	6 352 823	7 445 000
Bad debts written off	10 679 186	4 124 938
Movements in retirement benefit assets and liabilities	30 586 167	(1 307 744)
Movements in provisions	(2 611 753)	4 510 471
Impairment of movement of Investment Property	(531 503)	
Other non-cash	(670)	(6 857)
Donated Assets - Public contributions	(477 897)	(1 522 113)
Operating lease income accrued	(31 212)	(11 580)
Inventories (Write-down)/Reversal of Write-down to Net Realisable Value	(6 107)	53 309
Changes in working capital:		
Decrease/(Increase) in Inventories	26 200 192	(13 165 799)
Decrease/(Increase) in Receivables from exchange transactions	(3 193 448)	(21 010 138)
Decrease/(Increase) in Receivables from non-exchange transactions	1 835 748	(13 354 876)
Decrease/(Increase) in Current portion of receivables - Long-term receivables	-	25 754
Decrease/(Increase) in Payables from exchange transactions	(286 896)	7 245 283
Decrease/(Increase) in VAT	363 364	(48 281)
Decrease/(Increase) in Unspent conditional grants and receipts	22 153 918,00	406 373
Decrease/(Increase) in Movement in employee benefit liability	(21 869 909)	
Decrease/(Increase) in Movement in provisions	-	
OPERATING ACTIVITIES	140 551 986	86 338 067

52. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

52.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Opening Balance:	10 055 780	10 055 780
Unauthorised Expenditure Current Year:	4 707 818	-
Approved/Condoned by Council:	-	-
Unauthorised Expenditure awaiting authorisation	14 763 598	10 055 780

Unauthorised expenditure can be summarised as follows:

Incident

Over expenditure of operating budget on Corporate services - 2019 (R8 445 384)

Over expenditure of operating budget on Engineering services - 2019 (R1 610 395)

Over expenditure of operating budget on Community services due to transfer of serviced sites to beneficiaries - 2021 (Non Cash item)

-	-
-	-
4 707 818	-
4 707 818	-

The over expenditure incurred by the Community Services on their operating budgets during the year is attributable to the following non-cash items: Transfer of serviced sites to beneficiaries

52.2 Fruitless and Wasteful Expenditure

	2021 R	2020 R
Reconciliation of Fruitless and Wasteful Expenditure:		
Opening Balance as restated:	74 766	61 852
Fruitless and Wasteful Expenditure Incurred	77 599	69 006
Transfers to Receivables for recovery	(97 722)	(56 092)
Closing Balance	54 643	74 766

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

52.3 Irregular Expenditure

2021 **2020**

Reconciliation of Irregular Expenditure:

Opening Balance as restated:

- As previously stated	-	11 282 823
Irregular Expenditure Incurred	-	11 282 823
- Identified in the current year relating to Current Year	1 096 656	2 701 842
Written-off by Council:	1 096 656	2 701 842
- Current Year	-	(13 948 941)
- Prior Year	-	(2 701 842)
Transfer to Receivables for Recovery (see Note 4)	-	(11 247 099)
Closing Balance	1 096 656	-

2021
R

2020
R

53. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION

53.1 MUNICIPAL FINANCE MANAGEMENT ACT

53.1.1 Contributions to Organised Local Government - SALGA

Opening Balance	-	-
Council Subscriptions	2 352 030	2 077 337
Amount Paid - current year	(2 352 030)	(2 077 337)

Balance Unpaid (included in Creditors)

-	-
---	---

53.1.2 Pension and Medical Aid Deductions

Opening Balance	-	-
Current Year Contributions	28 534 111	27 942 119
Amount Paid - current year	(28 534 111)	(27 942 119)

Balance Unpaid (included in Creditors)

(0)	-
-----	---

53.1.3 Audit Fees

Opening Balance	-	-
Current year Audit Fees	5 318 378	4 866 891
Audit Committee	-	121 963
Amount Paid - current year	(4 624 677)	(4 988 854)

Balance Unpaid (included in Creditors)

693 701	-
---------	---

53.1.4 PAYE, Skills Development Levy and UIF

Opening Balance	15 816	-
Current year Payroll Deductions	27 462 501	26 339 207
Amount Paid - current year	(27 462 501)	(26 323 391)

Balance Unpaid (included in Creditors)

15 816	15 816
--------	--------

53.1.5 VAT

The net of VAT input receivables and VAT output payables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

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LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

53.1.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts for more than 90 days.

30 June 2021	Total	Outstanding up to 90 days	Outstanding more than 90 days
Dr GD Joubert	2 655	2 655	-
JD Burger	2 286	2 286	-
JDF van Zyl	456	456	-
J Kriel	6 131	6 131	-
ME Esther	99	99	-
SW van Eeden	1 260	1 260	-
SW Strauss	(912)	(912)	-
TM van Der Merwe	(215)	(215)	-
Total Councillor Arrear Consumer Accounts	11 760	11 760	-

No councillors was in arrears up to or more than 90 days for the current year 2021

30 June 2020	Total	Outstanding up to 90 days	Outstanding more than 90 days
AP Hess	20	20	-
J Kriel	306	306	-
SW Straus	8 682	8 682	-
Total Councillor Arrear Consumer Accounts	9 008	9 008	-

53.1.7 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(1) of the Municipal Supply Chain Management Policy approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

30 June 2021

Months
July
August
September
October
November
December
January
February
March
April
May
June

Single Supplier	Impractical	Emergency	Amount
2	2	5	961 831
3	3	2	147 344
2	9	7	873 467
2	7	3	269 839
1	7	1	103 985
1	16	9	1 385 047
3	18	2	918 268
1	21	4	1 664 141
2	15	2	1 354 536
1	9	8	1 017 798
3	9	1	523 879
1	4	8	740 619
22	120	52	9 960 754

30 June 2020

Months
July
August
September
October
November
December
January
February
March
May
June

Single Supplier	Impractical	Emergency	Amount
-	1	-	97 650
3	-	4	314 878
1	-	3	63 273
2	1	3	294 558
1	8	4	377 841
3	2	3	167 672
0	4	1	119 536
3	5	9	1 190 038
-	2	5	283 629
-	2	33	433 297
3	3	34	924 585
16	28	99	4 266 957

53.1.8 (d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

	Lost Units	Tariff	Value
30 June 2021	16 312 776	1,2797	20 874 970
30 June 2020	13 465 836	1,1088	14 930 261

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Electricity Losses occur due to *inter alia*, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

	2021	2020
Volumes in kWh/year:		
System Input Volume	326 193 668	321 345 142
Billed Consumption	309 880 892	307 879 306
Unaccounted	16 312 776	13 465 836
Normal distribution losses - 8% of electricity purchases	16 312 776	13 465 836
Percentage Distribution Loss	5,00%	4,19%

Water:

	Lost Units	Tariff	Value
30 June 2021	1 031 320	7,2000	7 425 504
30 June 2020	1 063 910	6,8000	7 234 588

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

	2021	2020
Volumes in Kl/year:		
System Input Volume	7 719 360	7 182 390
Billed Consumption	(6 688 040)	(6 118 480)
Distribution Loss	1 031 320	1 063 910
Percentage Distribution Loss	13,36%	14,81%

53.2 BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

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

54. COMMITMENTS FOR EXPENDITURE

54.1 Capital Commitments

- Already Contracted for but not provided (Incl VAT) :-

Property, Plant and Equipment
Community
Other

59 507 590	51 586 432
55 964 562	50 276 905
1 482 258	1 007 470
2 060 769	302 057

- Already Contracted for but not provided (Exl VAT):-

Property, Plant and Equipment
Community Assets
Other Assets

51 745 730	44 859 620
48 664 837	43 719 048
1 288 920	877 914
1 791 973	262 658

55. FINANCIAL INSTRUMENTS

55.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

Financial Assets at Amortised Cost:

Non-current Long-term Receivables	Trading Service Debtors	661 179	596 971
Receivables from Exchange Transactions	Electricity	24 409 119	31 762 379
Receivables from Exchange Transactions	Refuse	3 059 624	6 658 668
Receivables from Exchange Transactions	Sewerage	3 331 289	7 774 173
Receivables from Exchange Transactions	Merchandising, Jobbing and Contracts	5 272	22 464
Receivables from Exchange Transactions	Other Service Charges	12 005 119	3 685 691
Receivables from Exchange Transactions	Water	5 882 969	11 756 201
Receivables from Exchange Transactions	Affiliated/Related Parties/Associated	-	-
Receivables from Exchange Transactions	Property Rental Debtors	324 324	576 329
Receivables from Exchange Transactions	Housing Selling Scheme	-	624 612
Receivables from Exchange Transactions	Other Debtors	40 391	41 719
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	375	-
Receivables from Non-exchange Transactions	Insurance Claims	229 461	648 942
Receivables from Non-exchange Transactions	Unauthorised, Irregular, Fruitless and	-	-
Receivables from Non-exchange Transactions	Other Receivables	2 979 719	5 201 699
Receivables from Non-exchange Transactions	Accrued Income	3 341	3 341
Receivables from Non-exchange Transactions	Deposits	6 907 975	6 907 975
Cash and Cash Equivalents	Call Deposits	145 062 763	104 960 632
Cash and Cash Equivalents	Bank Balances	137 982 882	96 001 974
Cash and Cash Equivalents	Cash Floats and Advances	9 200	11 000
Investments	Listed Shares	135 546	72 499

Total Financial Assets

343 030 551 **277 307 271**

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

Financial Liabilities at Amortised Cost:

Non-current Finance Lease Obligations	Non-current Finance Lease Obligations	232 750	833 141
Non-current Borrowings	Development Bank of South Africa	35 847 706	39 782 572
Consumer Deposits	Electricity	12 994 298	12 416 552
Consumer Deposits	Water	147 917	-
Consumer Deposits	Other Deposits	1 138 202	309 657
Payables from Exchange Transactions	Other Payables	3 523 276	902 965
Payables from Exchange Transactions	Retentions	5 757 785	6 519 148
Payables from Exchange Transactions	Trade Creditors	56 801 484	59 274 742
Unspent Conditional Grants and Receipts		28 796 544	6 642 625
Current Finance Lease Obligations	Current Finance Lease Obligations	811 759	964 664
Current Borrowings	Development Bank of South Africa	4 059 825	4 063 951

Total Financial Liabilities

150 111 549 **131 710 016**

No Financial Instruments of the municipality have been reclassified during the year.

55.2 Capital Risk Management

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 24. and the Statement of Changes in Net Assets.

Gearing Ratio

The gearing ratio at the year-end was as follows:

	2021 R	2020 R
Debt	40 952 041	45 644 328
Cash and Cash Equivalents	(283 054 846)	(200 973 606)
Net Debt	(242 102 805)	(155 329 279)
Equity	854 605 533	819 623 282
Net debt to equity ratio	28.33%	18.95%

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

55.3 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

55.4 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 55.8 to the Annual Financial Statements.

55.5 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 55.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

55.5.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

55.5.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank, Investec and Standard Bank. No investments with a tenure exceeding twelve months are made.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 25 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 55.8 below:

Cash and Cash Equivalents:

If interest rates had been 25 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2021 would have increased / decreased by R605 010 (30 June 2020: R444 570). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

55.6 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Northern Province Academy of Sport and Department of Water and Forestry Affairs for which there is uncertainty about the collectivity. They have been included in the Provision for Impairment of Consumer Debtors.

	2021 R	2020 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Investments	135 546	72 499
Long-term Receivables	661 180	596 971
Receivables from Exchange Transactions	50 823 699	63 026 560
Receivables from Non-exchange Transactions	10 120 496	12 761 957
Bank, Cash and Cash Equivalents	283 054 846	200 973 606
Maximum Credit and Interest Risk Exposure	344 795 767	277 431 593

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Exchange Debtors:		
- Service Debtors	77,94%	81,90%
- Other Receivables	1,13%	1,67%
- Other Debtors	0,04%	0,04%
- Prepayments and Advances	1,95%	0,10%
Non-Exchange Debtors:		
- Other not Classified	18,94%	16,29%
Total Credit Risk	100,00%	100,00%

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Bank and Cash Balances

ABSA Bank Ltd - Primary Bank Account	137 982 882	96 001 974
ABSA Bank Ltd - Limited Call Account- 2079771230	40 000 000	40 000 000
Nedbank - Call Account- 03/7881034971/000050	40 000 000	
Nedbank - Call Account- 03/7881034971/000051	40 000 000	40 000 000
Depositor Plus	25 062 763	24 960 632
Cash Equivalents	9 200	11 000

Total Bank and Cash Balances

283 054 846	200 973 606
--------------------	--------------------

Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Total Receivables from Non-exchange Transactions

9 640 306 12 761 957

Credit quality Groupings:

High - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Medium - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Low - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing, have been renegotiated in the last year.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

55. FINANCIAL INSTRUMENTS (Continued)

55.1 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
30 June 2021								
Non-interest Bearing		-	109 159 508	109 159 508	-	-	-	-
Semi Floating Interest Rate Instruments		6,17%	40 952 041	40 952 041	-	-	-	-
			150 111 549	150 111 549	-	-	-	-
30 June 2020								
Non-interest Bearing		-%	86 065 688	86 065 688	-	-	-	-
Semi Floating Interest Rate Instruments		9,40%	45 644 328	45 644 328	-	-	-	-
			131 710 016	131 710 016	-	-	-	-

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
30 June 2021								
Non-interest Bearing		- %	59 849 359	59 842 359	3 000	3 000	1 000	-
Variable Interest Rate Instruments		4,32%	283 181 192	283 181 192	-	-	-	-
			343 030 551	343 023 551	3 000	3 000	1 000	-
30 June 2020								
Non-interest Bearing		-%	76 272 165	76 262 165	3 000	3 000	4 000	-
Variable Interest Rate Instruments		7,46%	201 035 105	201 035 105	-	-	-	-
			277 307 271	277 297 271	3 000	3 000	4 000	-

The municipality does not have any financing facilities and expects to meet its obligations from operating cash flows and proceeds of maturing financial assets and to maintain current debt to equity ratio.

55.2 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2021
R **2020**
R

56. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

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

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes. All councillors belong to the Pension Fund for Municipal Councillors, whilst employees belong to a variety of approved Pension and Provident Funds as described below.

56.1 DEFINED BENEFIT SCHEMES

LA Retirement Fund (Previously Cape Joint Pension Fund):

	Last actuarial valuation	Total assets	Total liabilities	Contributing members		
LA Retirement Fund	June 2020	1 420 856,00	1 655 893,00	1		
					2021	2020
					R	R
Contributions paid recognised in the statement of financial performance						
LA Retirement Fund					32 067,36	30 182,00

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund has a funding level of 103,7% (30 June 2017: 102,6%).

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2018 disclosed an actuarial valuation amounting to R1,776,181, 000 (30 June 2017: R1, 859,077,000), with a nett accumulated surplus of R63, 423,000 (2017: R46,989,000), with a funding level of 103.7% (30 June 2017: 102.6%).

It is to be noted that :

- (i) The value of assets is the fair value of the net assets of the Fund after deduction of current liabilities and any liabilities arising from the pledging, hypothecation or other encumbering of the assets of the Fund. The actuarial value of the assets is equal to the fair value of the assets.
- (ii) Pensioner liabilities include DB deferred member liabilities and a provision for future expenses related to these categories of membership.
- (iii) The funding level is determined by dividing the value of the assets of the pensioner account by the sum of the pensioner liabilities and the Solvency Reserve
- (iv) The processing error reserve account held a negative balance of -R5.882 million as at 30 June 2018 representing -0.3% of the DC section liabilities. The Trustees may allocate the balance of the processing error reserve account to members' shares and living annuitants' accounts

The nature of the assets is suitable for the fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund has a funding level of 153,1% (30 June 2014 - 101,7%).

Cape Retirement Fund:

	Last actuarial valuation	Total assets	Total liabilities	Contributing members		
Cape Retirement Fund	June 2017	20 643 329	20 574 162	657		
					2021	2020
					R	R
Contributions paid recognised in the statement of financial performance						
Cape Retirement Fund					19 483 740,38	19 239 387,00

The contribution rate payable is 9% by members and 18% by Council.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

56.2 DEFINED CONTRIBUTION SCHEMES

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are

Contributions paid recognised in the statement of financial performance				2021 R	2020 R
SALA Pension Fund				711 010	656 858
SAMWU National Provident Fund				1 538 448,80	1 501 126
Last actuarial valuation	Total assets	Total liabilities	Contributing members		
July 2018					
South African Local Authorities Pension Fund	14 298 600	14 899 800	18		
Municipal Workers Retirement fund (previously SAMWU National Provident Fund)	7 720 948	7 569 557	55		
July 2015					
	<u>22 019 548</u>	<u>22 469 357</u>			

57. RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

57.1 Compensation of Related Parties

Compensation of Close Family Members of Councillors and/or Key Management.

Refer to note 35 and 36 for key management and councillors

				2021 R	2020 R
57.2 Purchases from Related Parties					
The municipality bought goods from the following companies, which are considered to be Related Parties:					
Company	Related	Employer and	Nature of Relationship	Purchases	Purchases
Name	Person	Capacity of person	To Member of Company	for the Year	for the Year
Advocate Ettienne Vermaak	JMC	Pharmacist - Karl Bremmer Hospital	Spouse to Owner	87 821	-
Annadale Motors BK	E Wagner	PA - Langeberg Municipality	Spouse to Director	111 382	41 866
Bar Vallie Herstel & Ing. Werke	G van Loggerenberg	Teacher - Bonnievale High School	Child to Owner	588 972	592 541
Berry Bright	CC Buirman	Police Officer - SAPS	Spouse to Owner	1 730	-
Capital Security Services	JE Saayman	Ward 6 Community Member - Worcester	Spouse to Shareholder	3 045	2 487
Ludify	T Williams	Teacher - WCED	Mother to Owner	32 235	2 243
Lumber Lawn	J van Zyl	Teacher - WCED	Spouse to Director	78 086	33 326
Mubseko Africa	S Niehaus	Dietician - Northern Cape Department Health	Child to Owner	-	2 267 066
Montague Trekkers	J Rossow	IT Technician - Langeberg Municipality	Child to Owner	-	8 357
Qinisekisa System Solution	A Olivier	Teacher - WCED	Spouse to Director	-	93 587
Rob Auto Electric	AWJ Everson	Director Corporate Service Langeberg Municipality	Father-in-law to Owner	75 870	122 934
Robertson Toyota	ZG Schreuder	Teacher - WCED	Spouse to Director	73 114	19 264
Stemwet (Pty) Ltd T/A	M Stemmet	Teacher - WCED	Spouse to Owner	2 875	174 871
Van Niekerk & Linde Attorneys	S Rossow	Teacher - WCED	Spouse to Owner	113 171	103 651
Red Ants Security Services	N Lesiela	Practitioner - Mogale	Spouse to Director	2 513 618	1 593 767
Looras Civil Construction	NG Kewana	General Assistant (Roads)		-	22 100
Geraldine Suppliers	BC	Soldier SA Army - Pretoria	Father to Owner	176 387	-
Total Purchases				<u>3 858 306</u>	<u>5 078 060</u>

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

58. CONTINGENT LIABILITIES

Contingent Liability arose due to various claims brought against the Municipality. The attorneys suggested that the matters will be defended, due to the circumstances of each.

The likelihood of successfully defending the claims, as well as the timing and possible costs thereof, cannot be determined at this time.

a) A Drotschie: Tree branch fell on vehicle	-	19 409
b) R Matthys/Brolink: Loss due to water pipe burst	-	10 860
c) Tersia Louw: Motor vehicle third party claim	-	36 117
d) Unpaid lockdown days Employees not signing sick leave	-	614 904
e) Wendy Botha: Tree branch fell on vehicle	-	60 000
f) Langeberg Municipality/ Springfield Marketing – Worcester Regional Court Case 253/2017 Claim against the municipality for overpaid rates (REF LAN26/0200).	269 912	
g) P Kleintjies - Water pipe burst causing damage to property	507 449	-
h) A J Davids - Damage to vehicle by trailer of of Municipality	13 800	-
i) J Williams - Motor accident claim with third party	13 300	-
j) Reality Dynamix 104 (PTY) LTD - Alleged loss of income due to sale of erven being cancelled	15 800 000	
	16 604 461	741 290

59. CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

59.1 Court Proceedings:	2 448 426	348 426
a) Case Langeberg Municipality/Tony Quickleburg for Outstanding Rates and Levies.	348 426	348 426
b) Case Langeberg Municipality/Breede Valley Construction and third Parties. Claim against Breede Valley Construction and third Parties due to losses suffered by the municipality as a result of the collapse of the museum on 26 August 2014.	2 100 000	-

60. IN-KIND DONATIONS AND ASSISTANCE

The municipality received the following in-kind donations and assistance 2021:

In-kind donations, in the form of assets to the value of R 477,987.2 have been received by the Langeberg Local Municipality.

The municipality received the following in-kind donations and assistance 2020:

- a) 266 Sanitisers (1l)
- b) 84 Sanitisers (500ml)
- c) 104 Bars of soap (175g)
- d) 8 Disposable masks, light blue
- e) 28 Household gloves
- f) 2 200 Rubber latex gloves
- g) 23 Disposable protective clothing (Suits)

61. ANALYSIS OF AGENCY ACCOUNTING

Prepaid Electricity Vendor	4 208 834	3 726 771
Third Party Vendor	220 016	212 106
Fees as compensation to agents (Vendors)	4 428 850	3 938 877

No resources were held by the agents on behalf of the municipality.

Terminations process will be followed per contract agreement due to non adherences of contract agreement requirements

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

62. EVENTS AFTER THE REPORTING DATE

No events after reporting period have occurred up to the the finalisation of the current Annual Financial Statements.

63. COVID-19 EXPENDITURE

COVID Pandemic in South Africa

Although the coronavirus was international news since December 2019, it was only on 5th March 2020 that the South African National Institute for Communicable Diseases confirmed that a suspected case of COVID-19 had tested positive. On 23rd March 2020 President Cyril Ramaphosa announced the nationwide lockdown. On 30th March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

The table below indicates the total COVID-19 response expenditure (excluding VAT) for the period ending 30 June 2021:

	2021 R	2020 R
Project Description		
Tankering of Water	205 729	22 348
Feeding of Homeless/ Food distribution	-	800 000
Sanitisation of taxi ranks/ public facilities/ inner cities	119 670	43 341
Employee related costs	11 449 000	-
PPE	82 923	124 219
Sanitisation of office building	142 345	42 655
Other	187 981	228 861
Total COVID-19 Expenditure	<u>12 187 648</u>	<u>1 261 424</u>

The table below indicates the Funding Sources for the total COVID-19 response expenditure (excluding VAT) for the period ending 30 June 2021:

COVID-19 FUNDING

Funding Sources for COVID-19 Expenditure

Disaster Management Grant	141 620	335 380
Equitable Share	11 449 000	-
Own Revenue	597 028	926 044
Total Funding for COVID-19 Expenditure	<u>12 187 648</u>	<u>1 261 424</u>

64. GOING CONCERN ASSESSMENT

The Langeberg Municipality has, despite the COVID- 19 Lockdown and adopting numerous COVID-19 protocols to avoid the spread of the virus, continued to provide essential services to the various communities in the municipal area. The municipality has updated its long term financial plan and going concern assessment to consider the expected impact of the worldwide COVID-19 pandemic and consequent possible changes in service delivery performance and the impact of risks and uncertainties outlined in the strategic report tabled in Council.

Considering the uncertainty of how the COVID-19 pandemic will resolve itself and long-term financial plan, the municipality has adopted the following mitigating strategies:

- (i) Monitoring the cash flow on daily basis;
- (ii) Reducing expenditure and applying cost containment measures;
- (iii) Reducing the capital investment programme annually for the next three financial years funded by capital grants only;
- (iv) Avoiding granting rate payers and customers relief measures. Where relief is granted, it will be in the form of delayed payments and no debt forgiveness will be considered;
- (v) Prioritise decisions and actions that will support and strengthen the collection rate;
- (vi) Review the COVID-19 impact assessment as at 30 June 2021; and
- (vii) Amend the 2020/21 budget by freezing Employee Related Expenses:

Based on the long-term liquidity forecasts and projections, management believe that there is a reasonable basis to conclude that the municipality will be able to continue with its service delivery operations and to meet its financial commitments in the medium and long term.

The municipality also obtains significant amounts of government grants annually to finance operating and capital expenditure.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

65. SEGMENT REPORTING

GRAP 18 Segment Reporting became effective on 1 April 2020 and, in accordance with the transitional provisions for the Standard provided in Directive 3, entities are not required to present comparative segment information on initial adoption of GRAP 18. The municipality is taking advantage of the transitional provisions by not presenting comparative segment information. The municipality intends to fully apply the requirements of GRAP 18 by 30 June 2022.

For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide. The municipality has five primary reportable segments:

- **The segment for Community Services:-**
This segment consists of all services for community & social development and and sport & recreation.
- **The segment for Road Transport:-**
This segment consists of all services for the providing of road transport to the community
- **The segment for Trading Services:-**
This segment consists of the following infrastructure services delivered to the community.
 - - Energy Sources:-
This segment consists of all services for energy supply to the community.
 - - Waste Management:-
This segment consists of all services for the management of solid waste in the municipal area.
 - - Wastewater Management:-
This segment consists of all services for the management of waste water, including sewage, in the municipal area.
 - - Water Management:-
This segment consists of all services for water supply to the community.
- **The segment for Other Services:-**
This segment consists of other variance services rendered in the municipal jurisdiction area.

No individually material operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on non-financial metrics and the segment's operating surplus or deficit, measured consistently with the accounting policies applied in the Annual Financial Statements. However, the municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group basis and are not allocated to operating segments.

Inter-business unit services are not valued and are deemed to have been supplied for no consideration, and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the non-financial service performance information.

The municipality operates within the following geographical areas:

WARD	AREA
Ward 1	Robertson
Ward 2	Robertson Nkqubela
Ward 3	Robertson
Ward 4	Bonnievale (Happy Valley)
Ward 5	McGregor

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Ward 6	Robertson
Ward 7	Montagu
Ward 8	Bonnievale
Ward 9	Ashton
Ward 10	Ashton Zolani
Ward 11	Ashton Rural
Ward 12	Montagu

The municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

65.1 Segmental Analysis of Financial Performance

Year Ended 30 June 2021

Description	Community and Social Services	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other	Total for Municipality
	R	R	R	R	R	R		
REVENUE								
Revenue from Non-exchange Transactions								
Property Rates	-	-	-	-	-	-	59 485 886	59 485 886
Fines, Penalties and Forfeits	24 430	-	150 460	-	-	-	7 362 400	7 537 290
Service Charges	-	-	1 329 482	-	981 441	1 109 513	-	3 420 436
Transfers and Subsidies	9 973 124	19 631 518	1 240 596	15 101 795	17 226 890	5 846 520	77 567 209	146 587 651
Surcharges and Taxes	-	-	-	-	-	-	-	-
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	640 594	640 594
Revenue from Exchange Transactions								
Licences and Permits	132 052	1 487 256	1 287	-	-	-	537 176	2 157 771
Service Charges	-	-	463 964 824	21 508 056	24 603 347	46 369 594	(3 420 436)	553 025 385
Sales of Goods and Rendering of Services	790 215	-	1 952 392	39 702	-	-	3 134 290	5 916 599
Income from Agency Services	-	-	-	-	-	-	5 166 816	5 166 816
Rental from Fixed Assets	165 839	287	-	-	-	-	2 736 663	2 902 789
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	12 708 523	12 708 523
Operational Revenue	-	40 621	-	-	-	5 745	13 090 323	13 136 689
Gains on Other Operations	-	-	-	-	-	-	63 047	63 047
Gains on Disposal of Property, Plant and Equipment	9 682	46 121	695 580	105 595	101 045	127	(617 406)	340 743
Inventory Losses	-	-	-	-	-	-	6 107	6 107
Total Revenue	11 095 342	21 205 803	469 334 621	36 755 148	42 912 723	53 331 498	178 461 191	813 096 325
EXPENDITURE								
Employee Related Costs	43 473 255	7 188 474	16 768 946	18 184 727	12 000 178	12 780 412	104 467 147	214 863 139
Remuneration of Councillors	-	-	-	-	-	-	10 701 101	10 701 101
Depreciation and Amortisation	2 711 466	6 669 820	4 665 894	2 082 824	4 170 262	5 450 374	7 294 468	33 045 109
Impairment Losses	12 569	23 966	4 738 214	1 346 408	2 389 773	3 382 989	-	-
- Total Losses, Including PPE	20 453	24 966	4 977 732	644 618	1 273 909	2 437 374	739 516	10 118 569
- Bad Debts Written Off	-	-	235 841	915 370	1 115 864	945 615	7 466 496	10 679 186
Interest, Dividends and Rent on Land	142 650	40 794	3 450 617	5 300 035	656 341	213 561	579 448	10 383 445
Bulk Purchases	-	-	364 560 122	-	-	6 289 996	-	370 850 118
Contracted Services	1 149 263	535 396	1 010 245	2 251 248	4 550 353	3 797 564	14 718 830	28 012 899
Inventory Consumed	1 227 641	1 476 880	2 487 974	3 067 139	3 887 495	4 867 124	31 871 576	48 885 829
Transfers and Subsidies Paid	140 000	-	-	-	-	-	1 991 698	2 131 698
Operational Costs	1 733 614	2 816 623	1 698 618	(3 590 509)	671 722	1 033 949	34 078 298	38 442 314
Loss on Disposal of Property, Plant and Equipment	7 884	1 000	475 360	213 580	-	-	(697 823)	-
Total Expenditure	50 606 225	18 753 954	400 331 347	29 069 032	28 326 123	37 815 969	213 210 757	778 113 407
Surplus/(Deficit) for the Year	(39 510 883)	2 451 849	69 003 274	7 686 116	14 586 599	15 515 529,56	(34 749 566)	

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

65.2 Segmental Analysis of Capital Expenditure

Description	Budget Amounts	Actual Outcome
	R	R
CAPITAL EXPENDITURE PER FUNCTION		
Community and Social Services	5 721 883	3 962 381,00
Road Transport	33 666 224	29 567 771,00
Energy Sources	24 409 778	11 913 760,00
Waste Management	2 170 000	2 003 507,00
Waste Water Management	12 392 255	189 940,00
Water Management	15 623 303	5 634 205,00
Other	15 338 159	4 363 087,00
Total Capital Expenditure	109 321 602	57 634 651

65.3 Segmental Analysis of Financial Position

The main components of the Financial Position that is currently considered, and management, within the defined municipal segments have been determined as follows:

65.3.1 Receivables from Exchange and Non-Exchange Transactions

Description	Community and Social Services	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other
Receivables from Exchange Transactions							
Electricity		-	24 409 119	-	-	-	-
Refuse		-	-	3 059 624	-	-	-
Sewerage		-	-	-	3 331 289	-	-
Water		-	-	-	-	5 882 969	-
Statutory Receivables from Non-Exchange Transactions							
Property Rates		-	-	-	-	-	4 415 143
Total Receivables from Exchange and Non- Exchange	-	-	24 409 119	3 059 624	3 331 289	5 882 969	4 415 143

65.3.2 Property, Plant and Equipment

Description	Community and Social	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other	Total for Municipality
Property, Plant and Equipment	56 989 083	153 240 731	130 807 741	33 289 045	83 372 878	119 515 331	198 411 023	775 625 831