

# Overberg

## District Municipality

# ANNUAL REPORT

## 2020/2021



# Annual Financial Statements

## Volume II

*In terms of section 121 of the Municipal Finance Management Act (Act 56 of 2003)*

# OVERBERG DISTRICT MUNICIPALITY



## AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2021

# OVERBERG DISTRICT MUNICIPALITY

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# OVERBERG DISTRICT MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

Overberg District Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

### LEGAL FORM

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

### JURISDICTION

The Overberg District Municipality includes the following areas:

Cape Agulhas Local Municipality  
Overstrand Local Municipality  
Swellendam Local Municipality  
Theewaterskloof Local Municipality

### MEMBERS OF THE COUNCIL

Councillor	Ward/Area	Designation
AE Franken	Proportional	Executive Mayor
AG Klaas	Proportional	Deputy Executive Mayor
LM de Bruyn	Proportional	Speaker
L Ntsabo	Overstrand	Mayoral Committee Member
HD Coetzee	Proportional	Mayoral Committee Member
S Fredericks	Theewaterskloof	Mayoral Committee Member
CT Resandt	Overstrand	Mayoral Committee Member
E Sauls	Cape Agulhas	Councillor
EC Marthinus	Cape Agulhas	Councillor
JR Orban	Overstrand	Councillor
NM Sapepa	Overstrand	Councillor
G Mangcu-Qotywe	Swellendam	Councillor
CM Lamprecht	Theewaterskloof	Councillor
C Wood	Theewaterskloof	Councillor
R Brinkhuys	Theewaterskloof	Councillor
UT Sipunzi	Theewaterskloof	Councillor
SH Fourie	Proportional	Councillor
KJ Tiemie	Proportional	Councillor
MH Witbooi	Proportional	Councillor
VE Mentile	Proportional	Councillor
JC Gelderblom	Proportional	Councillor

### ACTING MUNICIPAL MANAGER

Mr NL Kruger

### ACTING CHIEF FINANCIAL OFFICER

Mr CF Hoffmann

# OVERBERG DISTRICT MUNICIPALITY

## GENERAL INFORMATION

### REGISTERED OFFICE

26 Long Street, Bredasdorp, 7280

### POSTAL ADDRESS

Private Bag X22, Bredasdorp, 7280

### AUDITORS

Office of the Auditor General (WC)

### PRIMARY BANKER

Nedbank

### ATTORNEYS

A. Adriaans Incorporated t/a Adriaans Attorneys  
AA Solwandle Attorneys  
Bradley Conradie Halton Cheadle  
Brasika consulting (Pty) Ltd  
Enderstein Van Der Merwe Incorporated  
Fairbridges Arderne and Lawton t/a Fairbridge Wertheim  
Becker  
John Macrobert Attorneys  
Kruger & Blignaut Attorneys  
Le Minnie Attorneys  
Levendal Attorneys

Lizel Venter Attorneys  
Maserumule Attorneys  
N. Maharaj Attorneys  
Rossouw & Du Plessis  
Schoeman Law Incorporated  
Siyathemba Sokutu Attorneys  
Ukuqedwa Consultants (Pty) Ltd  
Van Der Spuy & Partners  
Webber Wentzel  
Yvette Cloete t/a Yvette Cloete & Associates

### AUDIT COMMITTEE MEMBERS

P Strauss (Chair person)  
T Block  
C Pieterse  
D Smith

### CONTACT DETAILS

Website <https://odm.org.za/>  
Email address [CFO@odm.org.za](mailto:CFO@odm.org.za)

### MAIN RELEVANT LEGISLATION

Municipal Finance Management Act, 2003. (Act no 56 of 2003) and all relevant regulations  
Municipal Structures Act,1998. (Act no 117 of 1998) and all relevant regulations  
Municipal Systems Act, 2000. (Act no 32 of 2000) and relevant regulations  
The Income Tax Act  
Value Added Tax Act  
Skills Development Levies Act,1999. (Act no 9 of 1999)  
Employment Equity Act,1998. (Act no 55 of 1998)  
Unemployment Insurance Act,1966. (Act no 30 of 1966)  
Basic Conditions of Employment Act,1997. (Act no 75 of 1997)  
All other relevant collective agreements and regulations

# OVERBERG DISTRICT MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

### APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2021, which are set out on pages 1 to 129 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2022 and I am satisfied that the Municipality remains a going concern for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



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Mr NL Kruger  
Acting Municipal Manager

30 November 2021

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Date

# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

	Notes	2021 R (Actual)	2020 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>			
		<b>69 322 799</b>	<b>55 382 126</b>
Cash and Cash Equivalents	2	56 075 529	36 646 958
Receivables from exchange transactions	3	9 529 065	15 380 793
Receivables from non-exchange transactions	4	515 734	508 264
Operating Lease Asset	5	-	-
Inventory	6	1 150 470	700 111
Employee Benefits	10	2 052 000	2 146 000
<b>Non-Current Assets</b>			
		<b>102 652 048</b>	<b>97 800 798</b>
Investment Property	7	12 811 350	12 811 350
Property, Plant and Equipment	8	66 897 001	65 983 819
Intangible Assets	9	11 697	17 629
Employee Benefits	10	22 932 000	18 988 000
<b>Total Assets</b>			
		<b>171 974 847</b>	<b>153 182 924</b>
<b>Current Liabilities</b>			
		<b>43 014 341</b>	<b>37 094 721</b>
Current Portion of Long-term Liabilities	11	3 295 836	2 949 453
Consumer Deposits	12	8 160	8 160
Payables from exchange transactions	13	19 102 857	9 965 187
Unspent Conditional Government Grants	14	5 666 365	7 484 410
Operating Lease Liability	5	-	-
Taxes	15	627 982	2 661 850
Current Employee benefits	16	14 313 141	14 025 662
<b>Non-Current Liabilities</b>			
		<b>77 667 733</b>	<b>71 433 880</b>
Long-term Liabilities	11	18 915 627	22 211 463
Employee benefits	17	55 224 000	46 622 000
Non-Current Provisions	18	3 528 106	2 600 416
<b>Total Liabilities</b>			
		<b>120 682 074</b>	<b>108 528 601</b>
<b>NET ASSETS</b>			
		<b>51 292 772</b>	<b>44 654 323</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	19	46 304 272	44 654 323
Capital Replacement Reserve	19	4 988 500	-
<b>TOTAL COMMUNITY WEALTH</b>			
		<b>51 292 772</b>	<b>44 654 323</b>

# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2021

	Notes	2021 R (Actual)	2020 R (Restated)
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>85 708 781</b>	<b>82 986 738</b>
<b>Transfer Revenue</b>		<b>85 040 129</b>	<b>75 742 665</b>
Government Grants and Subsidies - Capital	20	2 885 633	691 183
Government Grants and Subsidies - Operating	20	81 487 038	75 051 482
Contributed Assets	21	667 458	-
<b>Other Revenue</b>		<b>668 652</b>	<b>7 244 072</b>
Actuarial Gains	22	668 652	7 244 072
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>169 507 179</b>	<b>138 496 199</b>
<b>Operating Activities</b>		<b>169 507 179</b>	<b>138 496 199</b>
Roads Maintenance Services	23	124 440 834	94 628 565
Service Charges	24	12 130 034	11 703 830
Rental of Facilities and Equipment	25	14 311 015	14 338 087
Interest Earned - external investments		2 287 417	1 898 702
Licences and Permits		229 888	136 758
Agency Services	26	11 343 148	10 127 284
Insurance Receipts		302 129	88 301
Other Income	27	4 462 714	5 312 278
Reversal of Debt Impairment	28	-	262 393
<b>TOTAL REVENUE</b>		<b>255 215 961</b>	<b>221 482 937</b>
<b>EXPENDITURE</b>			
Employee related costs	29	112 870 559	109 265 846
Remuneration of Councillors	30	5 969 959	6 197 440
Debt Impairment	31	67 400	144 736
Depreciation and Amortisation	32	3 098 255	3 573 440
Impairment	33	729 854	-
Actuarial losses	34	6 101 413	-
Finance Charges	35	8 643 749	8 218 900
Bulk Purchases	36	765 947	385 037
Contracted services	37	16 120 821	16 388 756
Transfers and Grants	38	680 000	-
Other Expenditure	39	93 228 646	70 587 745
Stock Adjustments	6	-	24 281
Loss on disposal of Assets	40	300 909	464 105
<b>TOTAL EXPENDITURE</b>		<b>248 577 511</b>	<b>215 250 285</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>6 638 449</b>	<b>6 232 652</b>



# OVERBERG DISTRICT MUNICIPALITY

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

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2019 - Previously Reported</b>	-	<b>38 251 493</b>	<b>38 251 493</b>
Prior Period Adjustment - Refer to note 42.06	-	170 178	170 178
<b>Balance on 30 June 2019 - Restated</b>	-	<b>38 421 671</b>	<b>38 421 671</b>
Net Surplus for the Year	-	6 232 652	6 232 652
<b>Balance on 30 June 2020 - Restated</b>	-	<b>44 654 323</b>	<b>44 654 323</b>
Net Surplus for the Year	-	6 638 449	6 638 449
Transfers to Reserves	4 988 500	(4 988 500)	-
<b>Balance on 30 June 2021</b>	<b>4 988 500</b>	<b>46 304 272</b>	<b>51 292 772</b>

# OVERBERG DISTRICT MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2021

	Notes	2021 R (Actual)	2020 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Service charges		13 728 643	9 962 406
Other revenue		34 778 796	25 630 992
Roads Maintenance Services		128 105 186	96 351 324
Government - operating		84 739 745	79 803 470
Government - capital		1 232 000	266 349
Interest		2 257 050	1 876 933
<b>Payments</b>			
Suppliers and employees		(235 420 526)	(206 768 019)
Finance charges		(2 661 708)	(3 008 369)
Transfers and Grants		(680 000)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>43</b>	<b>26 079 187</b>	<b>4 115 087</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Purchase of Property, Plant and Equipment		(3 701 163)	(2 997 817)
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(3 701 163)</b>	<b>(2 997 817)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Loans repaid		(2 949 453)	(2 918 289)
<b>NET CASH USED FINANCING ACTIVITIES</b>		<b>(2 949 453)</b>	<b>(2 918 289)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>19 428 571</b>	<b>(1 801 017)</b>
Cash and Cash Equivalents at the beginning of the year		36 646 958	38 447 976
Cash and Cash Equivalents at the end of the year		56 075 529	36 646 958
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>19 428 571</b>	<b>(1 801 017)</b>

# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2021 R (Actual)	2021 R (Final Budget)	2021 R (Variance)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	14 235 912	21 305 945	(7 070 032)
Call investment deposits	41 839 617	20 000 000	21 839 617
Consumer debtors	2 986 870	2 450 985	535 885
Other Receivables	7 057 929	1 400 373	5 657 556
Inventory	1 150 470	700 111	450 359
Employee Benefits	2 052 000	-	2 052 000
<b>Total current assets</b>	<b>69 322 799</b>	<b>45 857 414</b>	<b>23 465 385</b>
<b>Non current assets</b>			
Employee Benefits	22 932 000	28 432 572	(5 500 572)
Investment property	12 811 350	12 811 350	-
Property, plant and equipment	66 897 001	66 352 921	544 080
Intangible Assets	11 697	14 403	(2 706)
<b>Total non current assets</b>	<b>102 652 048</b>	<b>107 611 246</b>	<b>(4 959 198)</b>
<b>TOTAL ASSETS</b>	<b>171 974 847</b>	<b>153 468 660</b>	<b>18 506 187</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowing	3 295 836	3 295 836	-
Consumer deposits	8 160	8 160	-
Trade and other payables	25 397 204	16 664 071	8 733 133
Provisions and Employee Benefits	14 313 141	13 202 146	1 110 995
<b>Total current liabilities</b>	<b>43 014 341</b>	<b>33 170 213</b>	<b>9 844 128</b>
<b>Non current liabilities</b>			
Borrowing	18 915 627	18 915 627	-
Provisions and Employee Benefits	58 752 106	51 365 152	7 386 953
<b>Total non current liabilities</b>	<b>77 667 733</b>	<b>70 280 780</b>	<b>7 386 953</b>
<b>TOTAL LIABILITIES</b>	<b>120 682 074</b>	<b>103 450 993</b>	<b>17 231 081</b>
<b>NET ASSETS</b>	<b>51 292 772</b>	<b>50 017 667</b>	<b>1 275 105</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	46 304 272	50 017 667	(3 713 395)
Reserves	4 988 500	-	4 988 500
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>51 292 772</b>	<b>50 017 667</b>	<b>1 275 105</b>

Refer to note 45.2 for further details relating to material variances.

# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

#### ADJUSTMENTS TO APPROVED BUDGET

	2021 R (Approved Budget)	2021 R (Adjustments)	2021 R (Final Budget)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	21 305 945	-	21 305 945
Call investment deposits	20 000 000	-	20 000 000
Consumer debtors	2 450 985	-	2 450 985
Other Receivables	1 400 373	-	1 400 373
Inventory	700 111	-	700 111
<b>Total current assets</b>	<b>45 857 414</b>	<b>-</b>	<b>45 857 414</b>
<b>Non current assets</b>			
Long-term receivables	28 432 572	-	28 432 572
Investment property	12 811 350	-	12 811 350
Property, plant and equipment	66 352 921	-	66 352 921
Intangible Assets	14 403	-	14 403
<b>Total non current assets</b>	<b>107 611 246</b>	<b>-</b>	<b>107 611 246</b>
<b>TOTAL ASSETS</b>	<b>153 468 660</b>	<b>-</b>	<b>153 468 660</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowing	3 295 836	-	3 295 836
Consumer deposits	8 160	-	8 160
Trade and other payables	16 664 071	-	16 664 071
Provisions and Employee Benefits	13 202 146	-	13 202 146
<b>Total current liabilities</b>	<b>33 170 213</b>	<b>-</b>	<b>33 170 213</b>
<b>Non current liabilities</b>			
Borrowing	18 915 627	-	18 915 627
Provisions and Employee Benefits	51 365 152	-	51 365 152
<b>Total non current liabilities</b>	<b>70 280 780</b>	<b>-</b>	<b>70 280 780</b>
<b>TOTAL LIABILITIES</b>	<b>103 450 993</b>	<b>-</b>	<b>103 450 993</b>
<b>NET ASSETS</b>	<b>50 017 667</b>	<b>-</b>	<b>50 017 667</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	50 017 667	-	50 017 667
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>50 017 667</b>	<b>-</b>	<b>50 017 667</b>

Refer to note 45.2 for further details relating to material variances.

# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2021

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2021 R (Actual)	2021 R (Final Budget)	2021 R (Variance)
<b>REVENUE BY SOURCE</b>			
Service charges	12 130 034	12 206 000	(75 966)
Rental of facilities and equipment	11 855 873	10 838 530	1 017 343
Interest earned - external investments	2 287 417	1 800 000	487 417
Interest earned - outstanding debtors	-	144 200	(144 200)
Licences and permits	229 888	300 000	(70 112)
Agency services	11 343 148	11 110 229	232 919
Government Grants and Subsidies - Operating	205 927 872	201 769 830	4 158 042
Other revenue	7 888 637	7 468 475	420 162
Gains	-	9 419 772	(9 419 772)
<b>TOTAL OPERATING REVENUE</b>	<b>251 662 870</b>	<b>255 057 036</b>	<b>(3 394 166)</b>
<b>EXPENDITURE BY TYPE</b>			
Employee related costs	117 488 069	120 808 383	(3 320 314)
Remuneration of councillors	5 969 959	6 341 182	(371 223)
Debt impairment	67 400	191 252	(123 852)
Depreciation & asset impairment	3 828 109	3 575 545	252 564
Finance charges	3 447 749	3 528 749	(81 000)
Bulk Purchases	765 947	-	765 947
Contracted services	16 120 821	22 297 386	(6 176 565)
Transfers and Grants	680 000	680 000	0
Other Expenditure and Materials	99 908 549	97 631 855	2 276 694
Losses	300 909	-	300 909
<b>TOTAL OPERATING EXPENDITURE</b>	<b>248 577 511</b>	<b>255 054 352</b>	<b>(6 476 841)</b>
<b>OPERATING SURPLUS FOR THE YEAR</b>	<b>3 085 358</b>	<b>2 684</b>	<b>3 082 674</b>
Government Grants and Subsidies - Capital	2 885 633	3 699 573	(813 940)
Contributed Assets	667 458	5 000	662 458
<b>NET SURPLUS FOR THE YEAR</b>	<b>6 638 449</b>	<b>3 707 257</b>	<b>2 931 192</b>

Refer to note 45.2 for further details relating to material variances.

# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2021

#### ADJUSTMENTS TO APPROVED BUDGET

	2021 R (Approved Budget)	2021 R (Adjustments)	2021 R (Final Budget)
<b>REVENUE BY SOURCE</b>			
Service charges	12 206 000	-	12 206 000
Rental of facilities and equipment	10 838 530	-	10 838 530
Interest earned - external investments	1 800 000	-	1 800 000
Interest earned - outstanding debtors	144 200	-	144 200
Licences and permits	300 000	-	300 000
Agency services	11 110 229	-	11 110 229
Government Grants and Subsidies - Operating	201 769 830	-	201 769 830
Other revenue	7 468 475	-	7 468 475
Gains	9 419 772	-	9 419 772
<b>TOTAL OPERATING REVENUE</b>	<b>255 057 036</b>	<b>-</b>	<b>255 057 036</b>
<b>EXPENDITURE BY TYPE</b>			
Employee related costs	118 386 993	2 421 390	120 808 383
Remuneration of councillors	6 341 182	-	6 341 182
Debt Impairment	191 252	-	191 252
Depreciation & asset impairment	3 575 545	-	3 575 545
Finance charges	3 649 349	(120 600)	3 528 749
Contracted services	22 714 519	(417 133)	22 297 386
Transfers and Grants	680 000	-	680 000
Other Expenditure and Materials	99 515 512	(1 883 657)	97 631 855
<b>TOTAL OPERATING EXPENDITURE</b>	<b>255 054 352</b>	<b>-</b>	<b>255 054 352</b>
<b>OPERATING SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>2 684</b>	<b>-</b>	<b>2 684</b>
Government Grants and Subsidies - Capital	3 699 573	-	3 699 573
Contributed Assets	5 000	-	5 000
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>3 707 257</b>	<b>-</b>	<b>3 707 257</b>

Refer to note 45.2 for further details relating to material variances.

**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2021**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2021 R (Actual)	2021 R (Final Budget)	2021 R (Variance)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Service charges	13 728 643	14 186 000	(457 357)
Other revenue	34 778 796	33 737 234	1 041 562
Government - operating	212 844 931	200 469 987	12 374 944
Government - capital	1 232 000	1 232 000	-
Interest	2 257 050	1 944 200	312 850
<b>Payments</b>			
Suppliers and Employees	(235 420 526)	(245 203 873)	9 783 347
Finance charges	(2 661 708)	(2 758 307)	96 599
Transfers and Grants	(680 000)	(680 000)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>26 079 187</b>	<b>2 927 241</b>	<b>23 151 946</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of Assets	-	9 419 772	(9 419 772)
<b>Payments</b>			
Capital assets	(3 701 163)	(4 738 573)	1 037 410
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(3 701 163)</b>	<b>4 681 199</b>	<b>(8 382 362)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Repayment of borrowing	(2 949 453)	(2 949 453)	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2 949 453)</b>	<b>(2 949 453)</b>	<b>-</b>
<b>NET INCREASE IN CASH HELD</b>	<b>19 428 571</b>	<b>4 658 987</b>	<b>14 769 584</b>
Cash and Cash Equivalents at the beginning of the year	36 646 958	36 646 958	-
Cash and Cash Equivalents at the end of the year	56 075 529	41 305 945	14 769 584
<b>NET INCREASE IN CASH HELD</b>	<b>19 428 571</b>	<b>4 658 987</b>	<b>14 769 584</b>

Refer to note 45.2 for further details relating to material variances.

**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2021**

**ADJUSTMENTS TO APPROVED BUDGET**

	2021 R (Approved Budget)	2021 R (Adjustments)	2021 R (Final Budget)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Service charges	14 186 000	-	14 186 000
Other revenue	33 737 234	-	33 737 234
Government - Operating	200 469 987	-	200 469 987
Government - Capital	1 232 000	-	1 232 000
Interest	1 944 200	-	1 944 200
<b>Payments</b>			
Suppliers and Employees	(245 203 873)	-	(245 203 873)
Finance charges	(2 758 307)	-	(2 758 307)
Transfers and Grants	(680 000)	-	(680 000)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>2 927 241</b>	<b>-</b>	<b>2 927 241</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of Assets	9 419 772	-	9 419 772
<b>Payments</b>			
Capital assets	(4 738 573)	-	(4 738 573)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>4 681 199</b>	<b>-</b>	<b>4 681 199</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Repayment of borrowing	(2 949 453)	-	(2 949 453)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2 949 453)</b>	<b>-</b>	<b>(2 949 453)</b>
<b>NET INCREASE IN CASH HELD</b>	<b>4 658 987</b>	<b>-</b>	<b>4 658 987</b>
Cash and Cash Equivalents at the beginning of the year	36 646 958	-	36 646 958
Cash and Cash Equivalents at the end of the year	41 305 945	-	41 305 945
<b>NET INCREASE IN CASH HELD</b>	<b>4 658 987</b>	<b>-</b>	<b>4 658 987</b>

Refer to note 45.2 for further details relating to material variances.



# OVERBERG DISTRICT MUNICIPALITY

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

### 1 ACCOUNTING POLICIES

#### 1.01 BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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

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

#### 1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

In terms of GRAP 108 - "Statutory Receivables", the Municipality is utilising the transitional provision contained in Directive 4 grants the Municipality a period of three years (1 July 2019 to 30 June 2022) in order to finalise the classification and impairment methods of Statutory Receivables.

#### 1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

#### 1.04 GOING CONCERN ASSUMPTION

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.05 COMPARATIVE INFORMATION

#### 1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### 1.05.2 Amended Accounting Policies

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

### 1.06 MATERIALITY

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

### 1.07 BUDGET INFORMATION

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

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

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

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

#### 1.08.1 Effective dates determined

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

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

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

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

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

#### 1.08.2 Effective dates not yet determined

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

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

##### 1.08.1 GRAP 104 (Revised 2019) - Financial Instruments

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

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

##### 1.08.2 GRAP 25 (Revised 2021) - Employee Benefits

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

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

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

This Interpretation addresses the following:

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

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.09 RESERVES

#### 1.09.1 Accumulated Surplus

The accumulated surplus/deficit represents the net difference between the total assets and the total liabilities of the Municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credit against accumulated surplus when retrospective adjustments are made.

#### 1.09.2 Capital Replacement Reserve (CRR)

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

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

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

### 1.10 INVESTMENT PROPERTY

#### 1.10.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

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

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.10 INVESTMENT PROPERTY (CONTINUED)

#### 1.10.2 Subsequent Measurement – Cost Model

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

#### 1.10.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

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

	YEARS
Land	Indefinite

#### 1.10.4 Impairment

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

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

#### 1.10.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.11 PROPERTY, PLANT AND EQUIPMENT

#### 1.11.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

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

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

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

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

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

#### 1.11.2 Subsequent Measurement - Cost Model

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

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 1.11.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.

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

	YEARS
Land	Indefinite
Buildings	15 - 100
Infrastructure	10 - 120
Community	30 - 100
Leased Assets	3
Landfill Site Rehabilitation (Per Cell)	4 - 5
Landfill Site Rehabilitation (Post Monitoring)	104
Computer Equipment	10 - 30
Furniture and fittings	3 - 50
Machinery and equipment	8 - 32
Office equipment	10 - 100
Vehicles	5 - 35
Specialised Vehicles	10 - 37

#### 1.11.4 Impairment

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

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

#### 1.11.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.



# OVERBERG DISTRICT MUNICIPALITY

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

### 1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

### 1.12 INTANGIBLE ASSETS

#### 1.12.1 Initial Recognition

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

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

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition.

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

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

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### 1.12.2 Subsequent Measurement - Cost Model

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.12 INTANGIBLE ASSETS (CONTINUED)

#### 1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

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

	Years
Computer Software	10
Computer Software Licences	10

#### 1.12.4 Impairment

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

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

#### 1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.13 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

#### 1.13.1 Recoverable amount of Cash-generating assets

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

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

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

#### 1.13.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

#### 1.13.3 Impairment loss

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

#### 1.13.4 Reversal of an impairment loss

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### 1.14 INVENTORIES

#### 1.14.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.14 INVENTORIES (CONTINUED)

#### 1.14.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

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

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

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

### 1.15 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

#### 1.15.1 Post-Retirement Benefits

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.15 EMPLOYEE BENEFITS (CONTINUED)

#### 1.15.1.1 *Multi-employer defined benefit plans*

The municipality contributes to various National- and Provincial-administered defined-benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

#### 1.15.1.2 *Post Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

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

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

Actuarial gains and losses are recognised on the face of the statement of financial performance, while current service cost and interest cost are included as part of employee related cost and finance charges respectively.

### 1.15.2 Long-term Benefits

#### 1.15.2.1 *Long Service Awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.15 EMPLOYEE BENEFITS (CONTINUED)

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

Actuarial gains and losses are recognised on the face of the statement of financial performance, while current service cost and interest cost are included as part of employee related cost and finance charges respectively.

#### 1.15.3 Short-term Benefits

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

Short-term employee benefits include items such as:

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

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

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

##### 1.15.3.1 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 reporting date and also on the total remuneration package of the employee.

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

##### 1.15.3.2 Staff Bonuses Accrued

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.15 EMPLOYEE BENEFITS (CONTINUED)

#### 1.15.3.3 Provision for Performance Bonuses

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

### 1.16 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

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

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



# OVERBERG DISTRICT MUNICIPALITY

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

### 1.16 PROVISIONS (CONTINUED)

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

### 1.17 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### 1.17.1 Municipality as Lessee

##### 1.17.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

##### 1.17.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

#### 1.17.2 Municipality as Lessor

##### 1.17.2.1 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.18 FINANCIAL INSTRUMENTS

#### 1.18.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

#### 1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
  - (i) derivatives;
  - (ii) combined instruments that are designated at fair value;
  - (iii) instruments held for trading;
  - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
  - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.18 FINANCIAL INSTRUMENTS (CONTINUED)

#### 1.18.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

##### 1.18.3.1 *Financial assets measured at amortised cost*

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

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

##### 1.18.3.2 *Financial assets measured at cost*

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

#### 1.18.4 Derecognition of financial instruments

##### 1.18.4.1 *Financial assets*

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

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.18 FINANCIAL INSTRUMENTS (CONTINUED)

#### 1.18.4.2 *Financial liabilities*

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

#### 1.18.5 **Offsetting of financial instruments**

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

### 1.19 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

#### 1.19.1 **Initial Recognition**

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

#### 1.19.2 **Subsequent Measurement**

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

#### 1.19.3 **Impairment and uncollectability of statutory receivables**

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.19 STATUTORY RECEIVABLES (CONTINUED)

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

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

#### 1.19.3 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

### 1.20 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

### 1.21 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.21 RECEIVABLES (CONTINUED)

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

### 1.22 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

### 1.23 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

### 1.24 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

### 1.25 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.25 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS (CONTINUED)

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### 1.26 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

#### 1.26.1 Revenue from Non-Exchange Transactions

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

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

##### 1.26.1.1 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

##### 1.26.1.2 *Unclaimed deposits*

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.26 REVENUE (CONTINUED)

#### 1.26.1.3 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

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

#### 1.26.1.4 *Services in-kind*

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

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

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

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

#### 1.26.1.5 *Contributed Assets*

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

#### 1.26.1.6 *Actuarial Gains*

Actuarial gains are considered exchange in nature and its recognition is guided by the principles included in 1.15 above.

### 1.26.2 **Revenue from Exchange Transactions**

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

#### 1.26.2.1 *Service Charges*

Service Charges are levied in terms of approved tariffs.



# OVERBERG DISTRICT MUNICIPALITY

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

### 1.26 REVENUE (CONTINUED)

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

#### 1.26.2.2 Roads Maintenance Service

Transfers (specifically relating to the roads functions performed) received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the transfer is conditional. The liability is transferred to revenue as and when the conditions attached to the transfer is met.

#### 1.26.2.2 Investment income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

#### 1.26.2.3 Insurance Receipts

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

#### 1.26.2.4 Rental income

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

#### 1.26.2.5 Income from Agency Services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

#### 1.26.2.6 Other Tariffs

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.26 REVENUE (CONTINUED)

#### 1.26.2.7 *Sale of goods*

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

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.26.2.8 *Deferred payment*

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

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

### 1.27 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset.

The amount of borrowing costs that the Municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

### 1.28 UNAUTHORISED EXPENDITURE

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.29 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.30 FRUITLESS AND WASTEFUL EXPENDITURE

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

### 1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

### 1.32 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

### 1.33 REPAIRS AND MAINTENANCE

Repairs and Maintenance, which relates to Property, Plant and Equipment, is based on Management's own judgement of costs incurred in cost centres responsible for the maintenance and repair of Municipal owned assets. The municipality does not recognise these costs, which relates to the day-to-day servicing of the item to restore or maintain the originally assessed performance, in the carrying amount of an item of property, plant and equipment. These costs are recognised in surplus and deficit when incurred.

Refer to note 41 for required disclosure relating to repairs and maintenance costs identified by management.

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.34 EVENTS AFTER REPORTING DATE

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

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

### 1.35 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party transaction is a transfer of resources, services or obligations between the Municipality and a related party, regardless of whether a price is charged.

Management is considered a related party and comprises those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation, in instances where they are required to perform such functions.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

The Municipality is exempt from the disclosure requirements in relation to related party transactions if that transactions occurs within the normal supplier and/or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Municipality to have adopted if dealing with that individual entity or person in the same circumstances, and the terms and conditions are within the normal operating parameters established by Municipality's legal mandate.

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.35 RELATED PARTIES (CONTINUED)

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

### 1.36 ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

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

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

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

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

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.36 ACCOUNTING BY PRINCIPAL AND AGENTS (CONTINUED)

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

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

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

### 1.37 LIVING AND NON-LIVING RESOURCES

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

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

The Municipality has assessed that it does not control any living resources.

### 1.38 SEGMENT REPORTINGS

A segment is an activity of the Municipality:

- (a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same Municipality);
- (b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- (c) for which separate financial information is available.

Management comprises those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.38 SEGMENT REPORTINGS (CONTINUED)

Financial information distributed to management does not include a segment/departments analysis of assets and liabilities associated with each segment/departments. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

### 1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

#### 1.39.1 Application of Directive 7

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

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

For deemed cost applied to 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.

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

#### 1.39.2 Impairment of Receivables

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

#### 1.39.3 Useful lives and residual values

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

#### 1.39.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property, Intangible assets and Heritage assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

#### 1.39.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### 1.39.6 Provisions and Contingent Liabilities

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

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

#### 1.39.7 Distinguishing between Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.



# OVERBERG DISTRICT MUNICIPALITY

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

### 1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### 1.39.8 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

#### 1.39.9 Revenue Recognition

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

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

#### 1.39.10 Recognition and Derecognition of Land

In order for land to be meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

#### 1.39.11 Applying materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

- (a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
- (b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

# OVERBERG DISTRICT MUNICIPALITY

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

### 1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### 1.39.12 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 net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. 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 recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- (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; and
- (b) Refer to note 18 for other major assumptions utilised

#### 1.39.13 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.

#### 1.39.14 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>2 CASH AND CASH EQUIVALENTS</b>		
Bank Accounts	14 234 112	2 737 913
Call Investments and Other Deposits	41 839 617	33 901 645
Cash Floats	1 800	7 400
<b>Total</b>	<b>56 075 529</b>	<b>36 646 958</b>
Due to the short term nature of cash deposits, all balances included above is in line with their fair value		
Cash and Cash Equivalents are held to support the following commitments:		
Unspent Conditional Grants	5 666 365	7 484 410
Unspent Annuity Loans	4 911 913	4 911 913
Roads Maintenance Services Payable	13 180 697	5 666 345
Rehabilitation Costs	1 804 072	966 617
Capital Replacement Reserve	4 988 500	-
Working Capital Requirements	25 523 982	17 617 673
<b>Total</b>	<b>56 075 529</b>	<b>36 646 958</b>
The Committed Rehabilitation Costs amounting to R 1 804 072 (2020 - R 966 617) are ring fenced in a separate investment account and can only be utilised against future rehabilitation cost incurred by the municipality on landfill sites. The current balance only relates to the rehabilitation of Cell 4, but the commitment could be extended to further cells that are yet to be developed.		
Refer to note 18 for more detail relating to provisions raised in relation to the rehabilitation of Landfill Sites.		
<b>Primary Bank Account</b>		
Bredasdorp Nedbank- Account number 11 7652 44 96		
Bank Statement Balance - Opening Balance	1 024 408	13 758 526
Bank Statement Balance - Closing Balance	13 884 166	1 024 408
<b>Other Bank Accounts</b>		
Bredasdorp ABSA - Account number 17 8000 00 62		
Bank Statement Balance - Opening Balance	1 728 837	3 572 481
Bank Statement Balance - Closing Balance	350 363	1 728 837
The municipality does not have an overdraft facility		
<b>Cashbook Balances (All Current Accounts)</b>		
Cashbook Balance - Opening Balance	2 737 913	17 302 108
Cashbook Balance - Closing Balance	14 234 112	2 737 913

# OVERBERG DISTRICT MUNICIPALITY

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

### 2 CASH AND CASH EQUIVALENTS (CONTINUED)

#### Call and Notice Deposits

Call and Notice Deposits consist out of the following accounts:

ABSA Depositor Plus - Account Number 92 8755 1045	1 874	16 469 843
ABSA Depositor Plus - Account Number 92 8755 0641	1 804 072	966 617
ABSA Investment Tracker - Account Number 93 5889 2970	37 436 045	-
Nedbank Call Account - Account Number 03 788 171 4042	2 597 626	16 465 184
<b>Total</b>	<b>41 839 617</b>	<b>33 901 645</b>

Interest of between 2.95 % and 4.20 % (2020 - 2.95 % and 3.75%) are attracted by these short term deposits, with the exception of the ABSA Depositor Plus (Account Number 92 8755 1045) which does not attract interest at the current low balance.

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2021	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>3 357 462</b>	<b>383 794</b>	<b>2 973 668</b>
Electricity	4 037	237	3 799
Water	6 677	1 558	5 120
Housing rental	32 386	16 192	16 193
Sundry Debtors	3 314 362	365 807	2 948 555
Local Municipalities - Fire Services	477 168	-	477 168
Local Municipalities - Waste Disposal	713 709	-	713 709
Other	2 123 485	365 807	1 757 678
<b>Other Receivables</b>	<b>8 298 230</b>	<b>1 742 833</b>	<b>6 555 397</b>
Accrued Interest	163 026	-	163 026
Payments in Advance	836 632	-	836 632
Department of Transport and Public Works	7 298 572	1 742 833	5 555 739
<b>Total</b>	<b>11 655 692</b>	<b>2 126 627</b>	<b>9 529 065</b>
<b>30 JUNE 2020</b>	<b>Gross Balance R</b>	<b>Allowance for impairment R</b>	<b>Net Receivable R</b>
<b>Service Receivables</b>	<b>9 166 587</b>	<b>320 338</b>	<b>8 846 250</b>
Electricity	430	210	220
Water	2 320	105	2 215
Housing rental	38 215	19 107	19 108
Sundry Debtors	9 125 623	300 916	8 824 706
Local Municipalities - Fire Services	4 559 800	-	4 559 800
Local Municipalities - Waste Disposal	2 320 282	-	2 320 282
Other	2 245 540	300 916	1 944 624

# OVERBERG DISTRICT MUNICIPALITY

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

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2020	Gross Balance	Allowance for impairment	Net Receivable
<b>Other Receivables</b>	<b>8 277 376</b>	<b>1 742 833</b>	<b>6 534 543</b>
Accrued Interest	134 872	-	134 872
Payments in Advance	843 932	-	843 932
Department of Transport and Public Works	7 298 572	1 742 833	5 555 739
<b>Total</b>	<b>17 443 964</b>	<b>2 063 171</b>	<b>15 380 793</b>
<b>Balance Previously Reported</b>	<b>17 232 007</b>	<b>2 063 171</b>	<b>15 168 836</b>
Prior Period Adjustment - Refer to note	211 957	-	211 957
<b>Restated Balance on 30 June 2020</b>	<b>17 443 964</b>	<b>2 063 171</b>	<b>15 380 793</b>
		<b>2021</b>	<b>2020</b>
<b>Ageing of service receivables:</b>		<b>R</b>	<b>R</b>
<b>Electricity Ageing</b>			
Current (0 - 30 days)		1 880	-
Past Due (31 - 60 Days)		1 080	-
Past Due (61 - 90 Days)		559	2
Past Due (90 Days +)		518	428
<b>Total</b>		<b>4 037</b>	<b>430</b>
<b>Water Ageing</b>			
Current (0 - 30 days)		786	677
Past Due (31 - 60 Days)		1 407	614
Past Due (61 - 90 Days)		1 036	1 009
Past Due (90 Days +)		3 448	19
<b>Total</b>		<b>6 677</b>	<b>2 320</b>
<b>Housing Rental Ageing</b>			
Current (0 - 30 days)		-	-
Past Due (31 - 60 Days)		-	-
Past Due (61 - 90 Days)		-	-
Past Due (90 Days +)		32 386	38 215
<b>Total</b>		<b>32 386</b>	<b>38 215</b>
<b>Sundry Debtors Ageing</b>			
Current (0 - 30 days)		1 702 642	3 393 336
Past Due (31 - 60 Days)		329 249	2 766 630
Past Due (61 - 90 Days)		171 873	171 796
Past Due (90 Days +)		1 110 598	2 793 861
<b>Total</b>		<b>3 314 362</b>	<b>9 125 623</b>

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>		
<b>Total Service Receivables Ageing</b>		
Current (0 - 30 days)	1 705 307	3 394 013
Past Due (31 - 60 Days)	331 736	2 767 244
Past Due (61 - 90 Days)	173 468	172 808
Past Due (90 Days +)	1 146 951	2 832 522
<b>Total</b>	<b>3 357 462</b>	<b>9 166 587</b>
<b>Reconciliation of Allowance for impairment</b>		
Balance at the beginning of the year	2 063 171	2 180 675
Contribution to the provision	63 456	144 889
Electricity	27	(52)
Water	1 453	84
Housing rental	(2 915)	(2 101)
Sundry Debtors	64 890	146 958
Reversal of Debt Impairment	-	(262 393)
Department of Transport and Public Works	-	(262 393)
Balance at the end of the year	<b>2 126 627</b>	<b>2 063 171</b>

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

Management engaged with the Department of Transport and Public Works regarding settlement of the outstanding balance in the current year. The department indicated that they will process the payment once certain outstanding information is provided. The required information was submitted, however no payment have been received to date. No indicators were however identified that requires any adjustment to the current provision raised against the outstanding balance.

# OVERBERG DISTRICT MUNICIPALITY

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

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2021	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>22 129</b>	<b>8 927</b>	<b>13 202</b>
Legal Fees	22 129	8 927	13 202
<b>Other Receivables</b>	<b>502 532</b>	<b>-</b>	<b>502 532</b>
Deposits	410 160	-	410 160
Suspense Debtors	92 372	-	92 372
<b>Total</b>	<b>524 661</b>	<b>8 927</b>	<b>515 734</b>
30 JUNE 2020	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>12 928</b>	<b>4 984</b>	<b>7 945</b>
Legal Fees	12 928	4 984	7 945
<b>Other Receivables</b>	<b>500 319</b>	<b>-</b>	<b>500 319</b>
Deposits	407 947	-	407 947
Suspense Debtors	92 372	-	92 372
<b>Total</b>	<b>513 247</b>	<b>4 984</b>	<b>508 264</b>
<b>Balance Previously Reported</b>	<b>434 497</b>	<b>4 984</b>	<b>429 513</b>
Prior Period Adjustment - Refer to note 42.02	78 751	-	78 751
<b>Restated Balance on 30 June 2020</b>	<b>513 247</b>	<b>4 984</b>	<b>508 264</b>

Deposits (Previously Eskom Deposits) includes Eskom, Municipal and Rental Deposits.

	2021 R	2020 R
<b>Ageing of service receivables:</b>		
<b>Legal Fees Ageing</b>		
Current (0 - 30 days)	-	2 449
Past Due (31 - 60 Days)	-	513
Past Due (61 - 90 Days)	5 344	-
Past Due (90 Days +)	16 785	9 966
<b>Total</b>	<b>22 129</b>	<b>12 928</b>

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
<b>Reconciliation of Allowance for impairment</b>		
Balance at the beginning of the year	4 984	5 137
Contribution to the provision	3 944	(153)
Legal Fees	3 944	(153)
Balance at the end of the year	<b>8 927</b>	<b>4 984</b>

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

## 5 OPERATING LEASES

### 5.1 Operating Lease Asset

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The municipality will receive the following lease payments from contracts that have defined lease payments and terms.

Within 1 Year	10 317 613	10 743 218
Between 1 and 5 Years	31 877 261	41 515 879
Over 5 Years	3 382 102	4 099 954
<b>Total</b>	<b>45 576 976</b>	<b>56 359 051</b>

The prior year disclosure (within 1 year) was increased by R 32 348 to include contracts incorrectly omitted

Leases includes the following 2 types of lease agreements:

Contract where lease income was determined from contracts that have a specific conditional income and does not include lease income which has an undetermined conditional income.

Contracts entered into at Die Dam and Uilenkraalsmond where properties are rented on a semi-permanent basis for a period of 9 years and 11 month. Rent payable is determined by council on an annual basis.

The lease payments are in respect of properties being leased out over a period ranging up to 2030 (2020: 2029)



# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>5 OPERATING LEASES (CONTINUED)</b>		
<b>5.2 Operating Lease Liability</b>	-	-
<p>The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.</p>		
<p>The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.</p>		
Within 1 Year	499 484	574 238
Between 1 and 5 Years	183 259	682 742
<b>Total</b>	<b>682 742</b>	<b>1 256 980</b>

The operating lease liability relates to the following lease arrangements:

The Municipality entered into a lease agreement with the Grail Centre Trust for additional office space (Health). The lease agreement commenced on 1 February 2019 and will run up to 31 January 2022. The initial monthly rental is R 1 897.50 (VAT inclusive) and the lease is subject to an annual increase of 10%. The municipality has the option to renew the lease after 31 January 2022.

The Municipality renewed its lease agreement with Theewaterskloof Local Municipality for additional office space. The renewed lease agreement commenced on 1 April 2020 and will run up to 31 March 2023. The initial monthly rental is R 1 883 (VAT inclusive) and the lease is subject to an annual increase of 8%. The municipality has the option to renew the lease after 31 March 2023.

The Municipality renewed a lease agreement with Mr Johannes de Villiers D Kock for additional office space. The lease renewed agreement commenced on 1 March 2020 and will run up to 28 February 2023. The initial monthly rental is R 16 100 (VAT inclusive) and the lease is subject to an annual increase of 6%. The municipality has the option to renew the lease after 28 February 2023.

# OVERBERG DISTRICT MUNICIPALITY

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

### 5 OPERATING LEASES (CONTINUED)

The Municipality entered into a lease agreement with the Two a Day Group (Pty) Ltd for property to be utilised by the fire department in Grabouw. The lease agreement commenced on 1 August 2019 and will run up to 31 July 2022. The initial monthly rental is R 21 850 (VAT inclusive) and the lease is subject to an annual increase of 6%. The municipality has the option to renew the lease after 31 July 2022.

### 6 INVENTORY

Consumables

Printing & Stationary

Fuel & Oil

Spare Parts

Grader Blades

Cleaning Materials

Other

**Total**

Inventory is disclosed at the lower of cost or net realisable value.

No inventory was pledged as security for liabilities.

Inventory written off due to losses identified during the annual stores counts (including obsolete items).

Inventory recognised as an expense during the year.

### 7 INVESTMENT PROPERTY

Investment Property - Carrying Value

The movement in Investment Property is reconciled as follows:

Investment Property - Opening Carrying Value

Cost

Disposals

Investment Property - Closing Carrying Value

Cost

	2021 R	2020 R
	1 150 470	700 111
	24 703	35 738
	837 706	446 430
	40 687	33 015
	204 250	127 841
	17 214	23 582
	25 911	33 505
	<b>1 150 470</b>	<b>700 111</b>
	-	24 281
	12 197 953	10 081 142
	<b>12 811 350</b>	<b>12 811 350</b>
	12 811 350	12 811 350
	-	-
	<b>12 811 350</b>	<b>12 811 350</b>
	12 811 350	12 811 350

# OVERBERG DISTRICT MUNICIPALITY

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

### 7 INVESTMENT PROPERTY (CONTINUED)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

No Rental revenue were earned from Investment Properties

No repairs and maintenance cost were incurred on any investment properties in the current period.

Council identified certain properties (included in investment property at a total cost of R 14 750) to be disposed of. Although the process to identify potential buyers commenced in the current financial year, risk and rewards associated with these properties still vested in the municipality at year-end.

## OVERBERG DISTRICT MUNICIPALITY

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

#### 8 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2021	Cost					Accumulated Depreciation					Accumulated Impairment			Carrying Value R
	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Closing Balance R	
Land	4 999 177	-	-	-	4 999 177	-	-	-	-	-	-	-	-	4 999 177
Buildings	14 487 753	2 466 477	-	-	16 954 229	5 569 869	208 913	-	-	5 778 782	-	313 006	313 006	10 862 441
Capitalised Restoration Cost	7 878 790	667 647	-	-	8 546 438	5 911 011	101 202	-	-	6 012 213	1 571 406	416 848	1 988 254	545 972
Infrastructure	41 069 589	-	-	-	41 069 589	9 251 301	926 049	-	-	10 177 350	-	-	-	30 892 239
Community Assets	14 800	-	-	-	14 800	3 065	493	-	-	3 558	-	-	-	11 242
Leased Assets	2 074 306	-	-	-	2 074 306	2 006 282	34 012	-	-	2 040 294	-	-	-	34 012
Computer Equipment	2 665 370	248 851	(39 115)	-	2 875 106	1 278 195	223 329	(26 737)	-	1 474 787	-	-	-	1 400 319
Furniture and fittings	3 824 804	113 210	(51 637)	-	3 886 378	2 262 870	207 704	(36 579)	-	2 433 995	-	-	-	1 452 383
Machinery and equipment	4 025 931	590 176	(40 086)	-	4 576 020	1 101 566	266 764	(27 838)	-	1 340 492	-	-	-	3 235 528
Office equipment	1 622 273	16 250	(26 884)	-	1 611 639	699 824	113 794	(22 356)	-	791 262	-	-	-	820 377
Vehicles	5 903 612	933 657	(383 730)	-	6 453 539	2 137 374	367 787	(127 032)	-	2 378 130	-	-	-	4 075 410
Specialised Vehicles	12 834 135	-	-	-	12 834 135	3 623 957	642 276	-	-	4 266 233	-	-	-	8 567 903
<b>Total</b>	<b>101 400 540</b>	<b>5 036 268</b>	<b>(541 452)</b>	<b>-</b>	<b>105 895 356</b>	<b>33 845 316</b>	<b>3 092 323</b>	<b>(240 542)</b>	<b>-</b>	<b>36 697 096</b>	<b>1 571 406</b>	<b>729 854</b>	<b>2 301 260</b>	<b>66 897 001</b>

30 JUNE 2020	Cost					Accumulated Depreciation					Accumulated Impairment			Carrying Value R
	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Closing Balance R	
Land	4 999 177	-	-	-	4 999 177	-	-	-	-	-	-	-	-	4 999 177
Buildings	14 421 511	84 348	(18 106)	-	14 487 753	5 382 118	189 629	(1 878)	-	5 569 869	-	-	-	8 917 884
Capitalised Restoration Cost	8 711 338	-	(832 547)	-	7 878 790	5 603 492	307 519	-	-	5 911 011	1 571 406	-	1 571 406	396 374
Infrastructure	41 069 589	-	-	-	41 069 589	8 295 271	956 030	-	-	9 251 301	-	-	-	31 818 288
Community Assets	14 800	-	-	-	14 800	2 571	493	-	-	3 065	-	-	-	11 735
Leased Assets	2 177 256	-	-	(102 950)	2 074 306	1 944 861	75 836	-	(14 414)	2 006 282	-	-	-	68 023
Computer Equipment	2 511 687	384 234	(230 550)	-	2 665 370	1 249 075	215 521	(186 401)	-	1 278 195	-	-	-	1 387 175
Furniture and fittings	4 158 620	71 702	(405 517)	-	3 824 804	2 287 562	230 880	(255 572)	-	2 262 870	-	-	-	1 561 934
Machinery and equipment	3 300 934	1 443 012	(718 016)	-	4 025 931	1 395 784	269 275	(563 492)	-	1 101 566	-	-	-	2 924 364
Office equipment	1 404 048	235 382	(120 107)	102 950	1 622 273	649 613	112 761	(76 963)	14 414	699 824	-	-	-	922 449
Vehicles	5 748 205	276 468	(121 061)	-	5 903 612	1 796 152	406 934	(65 711)	-	2 137 374	-	-	-	3 766 238
Specialised Vehicles	12 334 073	502 671	(2 608)	-	12 834 135	2 825 203	800 596	(1 842)	-	3 623 957	-	-	-	9 210 178
<b>Total</b>	<b>100 851 236</b>	<b>2 997 817</b>	<b>(2 448 512)</b>	<b>-</b>	<b>101 400 540</b>	<b>31 431 702</b>	<b>3 565 474</b>	<b>(1 151 860)</b>	<b>-</b>	<b>33 845 316</b>	<b>1 571 406</b>	<b>-</b>	<b>1 571 406</b>	<b>65 983 819</b>

Balance Previously Reported	100 799 699	3 000 556	(2 504 814)	-	101 295 440	31 446 644	3 559 889	(1 193 172)	-	33 813 361	1 571 406	-	1 571 406	65 910 673
Prior Period Adjustment	51 537	(2 739)	56 302	-	105 101	(14 942)	5 585	41 312	-	31 955	-	-	-	73 146
<b>Restated Balance on 30 June 2020</b>	<b>100 851 236</b>	<b>2 997 817</b>	<b>(2 448 512)</b>	<b>-</b>	<b>101 400 540</b>	<b>31 431 702</b>	<b>3 565 474</b>	<b>(1 151 860)</b>	<b>-</b>	<b>33 845 316</b>	<b>1 571 406</b>	<b>-</b>	<b>1 571 406</b>	<b>65 983 819</b>

The 2019/20 balances were restated - Refer to note 42.02

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>8.1</b> There are no property plant and equipment whose title is restricted.		
<b>8.2</b> Leases assets are pledged as security for outstanding finance lease liabilities included in note 11.		
<b>8.3</b> The following Work in Progress balances were included in closing balances. No depreciation charges are recognised against these balances:		
Land and Buildings	-	313 006
Machinery and equipment	-	400 633
<b>Total</b>	<u>-</u>	<u>713 639</u>
The work in progress amounting to R 313 006 on 30 June 2020 (buildings) relates to the construction of a new fire station. The municipality failed to attract proposals from prospective contractors that are within the proposed budget limits approved by Council. Consequently, a decision was taken to rather rent a building. This decision cast doubt over the future benefits to be derived from the expenditure incurred to date and accordingly the balance of R 313 006 was impaired in full during 2020/21 until more certainty is provided by council on the completion of the project.		
The prior year WIP balance was restated by R 400 633 to include assets that incorrectly started to depreciate while not yet completed. It relates to the Wide Area ETSI DMR Two Way Radio Network project which was completed in the 2020/21 financial year.		
<b>8.4</b> The following borrowing cost were capitalised in terms of GRAP 5 and included in the closing balance of the following asset classes. No borrowing cost were capitalised during 2019/20 and 2020/21:		
Infrastructure	1 176 716	1 176 716
<b>Total</b>	<u>1 176 716</u>	<u>1 176 716</u>
<b>8.5</b> The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Overberg District Municipality.		

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)</b>		
8.6 Infrastructure assets can broadly be classified in the following 2 categories:		
Service Delivery Infrastructure Assets at Resorts	4 617 727	4 900 510
Infrastructure at Karwyderskraal Solid Waste Facility	26 274 512	26 917 777
<b>Total Carrying Value</b>	<b>30 892 239</b>	<b>31 818 288</b>

8.7 Refer to note 41 for maintenance related expenditure incurred on property, plant and equipment.

### 9 INTANGIBLE ASSETS

Intangible Assets - Carrying Value	<b>11 697</b>	<b>17 629</b>
------------------------------------	---------------	---------------

The movement in intangible assets is reconciled as follows:

<b>Opening Carrying Value</b>	17 629	25 595
Cost	89 538	89 538
Accumulated Amortisation	(71 908)	(63 942)
Amortisation for the year	(5 932)	(7 966)
<b>Closing Carrying Value</b>	<b>11 697</b>	<b>17 629</b>
Cost	89 538	89 538
Accumulated Amortisation	(77 841)	(71 908)

Intangible Assets consist only out of software.

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

# OVERBERG DISTRICT MUNICIPALITY

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

10	EMPLOYEE BENEFITS	2021 R	2020 R
	Employee Benefits (Roads)	24 984 000	21 134 000
	Less Current Portion	(2 052 000)	(2 146 000)
	<b>Total</b>	<b>22 932 000</b>	<b>18 988 000</b>

The movement in Employee Benefits (Roads) are reconciled as follows:

Opening Balance	21 134 000	23 599 113
Contribution during the year	2 863 000	2 431 434
Current Service Cost	495 000	396 085
Interest Cost	2 368 000	2 035 349
Claimable from Department of Roads	(1 780 364)	(1 774 637)
Actuarial Loss/(Gain)	2 767 364	(3 121 910)
<b>Total</b>	<b>24 984 000</b>	<b>21 134 000</b>

The Employee Benefits: Roads Receivable relates to the provision for post-retirement health benefits and long service awards made in respect of employees directly appointed for Roads Function performed on behalf of the Provincial Administration: Western Cape.

In terms of the agreement between the Western Cape Provincial Government and past experience, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all post retirement health and long service awards. The unpaid claim for the provision of these benefits has therefore been raised as a long term debtor. The carrying amount of these assets approximates their fair value.

Refer to note 17 for more detail relating to this receivable.

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>11 LONG-TERM LIABILITIES</b>		
Annuity Loans	22 211 463	25 160 916
<b>Sub-Total</b>	<b>22 211 463</b>	<b>25 160 916</b>
Less: Current portion of Long-term Liabilities	3 295 836	2 949 453
Annuity Loans	3 295 836	2 949 453
<b>Total</b>	<b>18 915 627</b>	<b>22 211 463</b>
<p>Long Term Liabilities were fully utilised to purchase property plant and equipment in accordance with the Municipal Finance Management Act. The following Loans were unspent on 30 June:</p>		
Opening Balance - Unspent Loans	4 911 913	4 911 913
Assets purchased	-	-
Annuity Loans Raised	-	-
<b>Closing Balance - Unspent Loans</b>	<b>4 911 913</b>	<b>4 911 913</b>
<p>It is anticipated that the unspent funds will be utilised in the 2022/23 financial year.</p>		
<b>Annuity Loans</b>		
<p>Annuity Loans, disclosed at amortised cost, consist out of the following agreements:</p>		
Standard Bank	22 211 463	25 160 916
<p>Interest is calculated at an interest rate of 11.17% and the loan will be fully redeemed on 30 September 2026. The liability is not secured.</p>		
	<b>22 211 463</b>	<b>25 160 916</b>
<p>Annuity loans are payable as follows:</p>		
Payable within one year	5 611 160	5 611 160
Payable within two to five years	22 444 642	22 444 642
Payable after five years	1 402 790	7 013 951
<b>Total amount payable</b>	<b>29 458 592</b>	<b>35 069 753</b>
<b>Less:</b> Outstanding Future Finance Charges	(7 247 129)	(9 908 836)
<b>Present value of annuity loans</b>	<b>22 211 463</b>	<b>25 160 916</b>



# OVERBERG DISTRICT MUNICIPALITY

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

		2021 R	2020 R
<b>11</b>	<b>LONG-TERM LIABILITIES (CONTINUED)</b>		
	<b>Finance Lease Liabilities</b>		
	Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:		
<b>Nr</b>	<b>Institution</b>	<b>Interest Rate</b>	<b>Lease Term</b>
			1 September 2016 to 30 September 2019
1	Nashua (Copiers)	Redeemed	

The Nashua agreement have no escalation clause over the respective periods. Although the lease term of the finance lease agreement have reached its end, the assets associated with these agreements are still being leased by the municipality on a short term basis. The municipality controls the benefit associated with the assets until the short term contract is cancelled/expires and the equipment is returned to the supplier, at which point the carrying value of the asset will be derecognised.

Assets and liabilities associated with finance lease contracts:

Nr	Carrying Value of Asset		Carrying Value of Liability	
	2021 R	2020 R	2021 R	2020 R
1	34 012	68 023	-	-
	<u>34 012</u>	<u>68 023</u>	<u>-</u>	<u>-</u>

The carrying value of assets, which are pledged as security for outstanding liabilities, are included in the property, plant and equipment carrying value in note 8.

The accounting treatment of tablets were corrected during the current year. It did not have any effect on the disclosure for long term liabilities over the reporting period, as the related lease terms ended prior to 30 June 2020 and ownership vested in municipality.

Refer to note 42.03 for more detail relating to restatement which did not have any effect on disclosure.

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>12 CONSUMER DEPOSITS</b>		
Electricity	8 160	8 160
<b>Total</b>	<b>8 160</b>	<b>8 160</b>
Guarantees held in lieu of Electricity Deposits	-	-

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

### 13 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	4 491 385	2 829 041
Payments received in advance	667 017	776 840
Rent Deposits	132 822	94 412
Sundry Payables	630 937	598 550
Roads Maintenance Services	13 180 697	5 666 345
<b>Total</b>	<b>19 102 857</b>	<b>9 965 187</b>

Payables are being recognised net of any discounts received

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Payables are not secured and the municipality did not default on any payables during the year.

The significant roads maintenance payable on 30 June 2020 and 30 June 2021 can mainly be attributed to substantial advances received from the Provincial Roads Department before year-end.

Sundry payables (previously known as Suspense Accounts) mainly consist out of Unidentified deposits and Employee Related Accruals/Payables.

Refer to note 23 for more detail relating to the Roads Maintenance Payable

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>14 UNSPENT CONDITIONAL GOVERNMENT GRANTS</b>		
National Government	3 841 428	2 928 799
Balance Previously Reported		5 050 001
Prior Period Adjustment - Refer to note 42.04		(2 121 201)
Provincial Government	1 824 937	4 555 611
Balance Previously Reported		2 434 409
Prior Period Adjustment - Refer to note 42.04		2 121 201
<b>Total</b>	<b>5 666 365</b>	<b>7 484 410</b>

Detail reconciliations of all grants received and grant conditions met are included in note 20. Unspent grant balances are recognised to the extent that conditions are not yet met.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

<b>15 TAXES</b>		
VAT Payable	<b>627 982</b>	<b>2 661 850</b>
The VAT Payable balance is made up as follows:		
VAT Output in Suspense	337 668	1 826 998
Balance Previously Reported		1 799 451
Prior Period Adjustment - Refer to note 42.05		27 547
VAT Input in Suspense	(389 830)	(263 859)
VAT Payable to/(Refundable from) SARS	680 145	1 098 711
<b>Total</b>	<b>627 982</b>	<b>2 661 850</b>

VAT is accounted for on the payment basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies

<b>16 CURRENT EMPLOYEE BENEFITS</b>		
Post Retirement Medical Benefits	3 412 000	3 363 000
Long Service Awards	883 000	620 000
Bonuses	2 632 114	2 698 490
Staff Leave	7 386 027	7 344 172
<b>Total</b>	<b>14 313 141</b>	<b>14 025 662</b>

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>16 CURRENT EMPLOYEE BENEFITS</b>		
The movement in current employee benefits are reconciled as follows:		
<b><u>Bonuses</u></b>		
Opening Balance	2 698 490	2 369 870
Contribution during the year	5 601 630	5 419 840
Payments made	(5 668 006)	(5 091 220)
<b>Closing Balance</b>	<b>2 632 114</b>	<b>2 698 490</b>
Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
<b><u>Staff Leave</u></b>		
Opening Balance	7 344 172	5 909 612
Contribution during the year	1 307 137	2 033 289
Payments made	(1 265 282)	(598 729)
<b>Closing Balance</b>	<b>7 386 027</b>	<b>7 344 172</b>
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or in the event of encashment. There is no possibility of reimbursement.		
<b>17 EMPLOYEE BENEFITS</b>		
Post Retirement Medical Benefits	53 502 000	44 518 000
Long Service Awards	6 017 000	6 087 000
<b>Sub-Total</b>	<b>59 519 000</b>	<b>50 605 000</b>
Less: Current portion of Employee Benefits	<b>4 295 000</b>	<b>3 983 000</b>
Post Retirement Medical Benefits	3 412 000	3 363 000
Long Service Awards	883 000	620 000
<b>Total</b>	<b>55 224 000</b>	<b>46 622 000</b>

# OVERBERG DISTRICT MUNICIPALITY

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

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### 17.1 Post Retirement Medical Benefits

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

Opening Balance	44 518 000	49 440 121
Contribution during the year	5 934 000	5 188 280
Current Service Cost	738 000	828 986
Interest Cost	5 196 000	4 359 294
Payments made	(3 051 413)	(2 908 556)
Actuarial Loss/(Gain)	6 101 413	(7 201 845)
<b>Total balance at year-end</b>	<b>53 502 000</b>	<b>44 518 000</b>
Less Current Portion	3 412 000	3 363 000
<b>Total</b>	<b>50 090 000</b>	<b>41 155 000</b>

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

	2021	2020
In-service members	82	94
Continuation members	76	74
<b>Total</b>	<b>158</b>	<b>168</b>

At year-end there were also 104 eligible In-service non-members.

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

	2021 R	2020 R
In-service members	14 959 000	14 311 000
Continuation members	38 543 000	30 207 000
<b>Total Unfunded Liability</b>	<b>53 502 000</b>	<b>44 518 000</b>

# OVERBERG DISTRICT MUNICIPALITY

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

### 17 EMPLOYEE BENEFITS (CONTINUED)

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2019 R	2018 R	2017 R
In-service members	14 620 546	23 090 073	22 180 958
Continuation members	34 819 575	32 917 590	35 403 817
<b>Total Unfunded Liability</b>	<b>49 440 121</b>	<b>56 007 663</b>	<b>57 584 775</b>

Experience adjustments were calculated as follows:

	2021 R m	2020 R m
Liabilities: (Gain)/Loss	1.074	(1.456)
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2019 R m	2018 R m	2017 R m
Liabilities: (Gain)/Loss	(3.062)	(2.001)	3 802
Assets: Gain/(Loss)	-	-	-

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

Bonitas  
LA Health  
Samwumed  
Keyhealth

Key Actuarial Assumptions used are as follows:

#### Interest Rates

	2021	2020
Discount rate	9.45%	12.01%
Health Care Cost Inflation Rate	6.57%	8.46%
Net Effective Discount Rate	2.70%	3.28%

The discount rate reflects the time value of money and is approximated with reference to the market yields at reporting date on government bonds.

# OVERBERG DISTRICT MUNICIPALITY

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

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Mortality Rates

The SA 85-90 is utilised as reference for mortality during employment. The PA 90 -1 with a 1% mortality improvement per annum from 2010 is utilised as reference for mortality post-employment.

#### Normal and Average Retirement Age

It has been assumed that in-service members will retire at age 62 for all employees (2020 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.

#### Other Assumptions

The proportion with a spouse dependant at retirement is estimated at 60% (2020 - 60%) while the continuation of membership at retirement is estimated at 75% (2020 - 75%). The proportion of eligible in-service non-members joining a scheme by retirement and continuing with the subsidy at and after retirement is estimated at 15% (2020 - 0%). This assumption change relating to in service non-members contributed R 2 105 000 to the actuarial loss during the year.

#### Last Valuation

The last valuation was performed on 14 June 2021.

#### Actuarial Valuation Method

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

	2021 R	2020 R
<b>The amounts recognised in the Statement of Financial Performance are:</b>		
Employee Related Cost - Current Service Cost	738 000	828 986
Finance Charges - Interest Cost	5 196 000	4 359 294
Actuarial Loss/(Gain)	6 101 413	(7 201 845)
<b>Net amount charged to Statement of Financial Performance</b>	<b>12 035 413</b>	<b>(2 013 565)</b>

# OVERBERG DISTRICT MUNICIPALITY

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

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Sensitivity Analysis - Liability at year-end

Assumption	In-service members R m	Continuation members R m	Total liability R m	% change
Liability	14.959	38.543	53.502	
Health care inflation				
+ 1%	18.131	42.178	60.309	13%
- 1%	12.460	35.385	47.845	-11%
Discount rate				
+ 1%	12.539	35.489	48.028	-10%
- 1%	18.069	42.111	60.180	12%
Post-retirement mortality				
+ 1 year	14.541	37.106	51.647	-3%
- 1 year	15.375	39.994	55.369	3%
Average retirement age				
- 1 year	16.225	38.543	54.768	2%
Continuation of membership at retirement				
- 10%	11.937	38.543	50.480	-6%

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

Assumption	Current Service Cost R m	Interest Cost R m	Total Cost R m	% change
Future Cost	0.813	4.898	5.711	
Health care inflation				
+ 1%	1.006	5.541	6.547	15%
- 1%	0.665	4.365	5.030	-12%
Discount rate				
+ 1%	0.675	4.845	5.520	-3%
- 1%	0.993	4.944	5.937	4%
Post-retirement mortality				
+ 1 year	0.790	4.723	5.513	-3%
- 1 year	0.836	5.075	5.911	4%
Average retirement age				
- 1 year	0.800	5.018	5.818	2%
Continuation of membership at retirement				
- 10%	0.637	4.613	5.250	-8%



# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>17 EMPLOYEE BENEFITS (CONTINUED)</b>		
<b>17.2 Long Service Awards</b>		
The movement in Long Service Awards are reconciled as follows:		
Opening Balance	6 087 000	5 879 921
Contribution during the year	1 032 000	925 383
Current Service Cost	506 000	478 588
Interest Cost	526 000	446 795
Payments made	(433 348)	(676 077)
Actuarial Gain	(668 652)	(42 227)
<b>Total balance at year-end</b>	<b>6 017 000</b>	<b>6 087 000</b>
Less Current Portion	883 000	620 000
<b>Total</b>	<b>5 134 000</b>	<b>5 467 000</b>

The following members are eligible for long service bonuses:

	2021	2020
In-service members	315	332

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

	2021 R	2020 R
In-service members	6 017 000	6 087 000
<b>Total Unfunded Liability</b>	<b>6 017 000</b>	<b>6 087 000</b>

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2019 R	2018 R	2017 R
In-service members	5 879 921	5 346 681	5 039 136
<b>Total Unfunded Liability</b>	<b>5 879 921</b>	<b>5 346 681</b>	<b>5 039 136</b>

# OVERBERG DISTRICT MUNICIPALITY

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

		2021	2020
		R	R
<b>17</b>	<b>EMPLOYEE BENEFITS (CONTINUED)</b>		
	Experience adjustments were calculated as follows:		
	Liabilities: (Gain)/Loss	(488 000)	331 696
	Assets: Gain/(Loss)	-	-
	Experience adjustments were calculated as follows in years prior to the comparative year:		
		<b>2019</b>	<b>2018</b>
		R	R
	Liabilities: (Gain)/Loss	(49 680)	261 414
	Assets: Gain/(Loss)	-	-
		<b>2021</b>	<b>2020</b>
	Key Actuarial Assumptions used are as follows:		
	<b>Interest Rates</b>		
	Discount rate	9.33%	8.84%
	Normal Salary Increase Rate	5.84%	5.33%
	Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.30%	3.33%
	The discount rate reflects the time value of money and is approximated with reference to the market yields at reporting date on government bonds.		
	<b>Last Valuation</b>		
	The last valuation was performed on 14 June 2021.		
	<b>Actuarial Valuation Method</b>		
	The Projected Unit Credit Method has been used to value the liabilities.		
	<b>Normal and Average Retirement Age</b>		
	It has been assumed that in-service members will retire at age 62 for all employees (2020 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.		
		<b>2021</b>	<b>2020</b>
		R	R
	<b>The amounts recognised in the Statement of Financial Performance are:</b>		
	Employee Related Cost - Current Service Cost	506 000	478 588
	Finance Charges - Interest Cost	526 000	446 795
	Actuarial Gain	(668 652)	(42 227)
	<b>Net amount charged to Statement of Financial Performance</b>	<b>363 348</b>	<b>883 156</b>

# OVERBERG DISTRICT MUNICIPALITY

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

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Sensitivity Analysis - Liability at year-end

Assumption	Total liability R m	% change
Liability	6.017	
General salary inflation		
+ 1%	6.402	6%
- 1%	5.672	-6%
Discount rate		
+ 1%	5.661	-6%
- 1%	6.421	7%
Average retirement age		
+ 2 years	7.002	16%
- 2 years	5.283	-12%
Withdrawal rates		
x 200 %	4.898	-19%
x 50 %	6.828	13%

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

Assumption	Current Service Cost R m	Interest Cost R m	Total Cost R m	% change
Future Cost	0.498	0.521	1.019	
General salary inflation				
+ 1%	0.544	0.557	1.101	8%
- 1%	0.457	0.489	0.946	-7%
Discount rate				
+ 1%	0.461	0.541	1.002	-2%
- 1%	0.541	0.499	1.040	2%
Average retirement age				
+ 2 years	0.551	0.605	1.156	13%
- 2 years	0.446	0.453	0.899	-12%
Withdrawal rates				
x 200 %	0.347	0.417	0.764	-25%
x 50 %	0.618	0.597	1.215	19%

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>17 EMPLOYEE BENEFITS (CONTINUED)</b>		
<b>17.3 Other Pension Benefits</b>		
<b>Defined Benefit Plans</b>		
Council contributes to the following defined benefit plans:		
LA Retirement Fund (former Cape Joint Pension Fund)	783 916	932 379
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in a sound financial position with a funding level of 100.0% (30 June 2019 - 100.7%).		
Consolidated Retirement Fund (former Cape Retirement Fund)	10 161 207	9 571 231
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in a sound financial position with a funding level of 132.2%. (30 June 2019 - 124.9%)		
<b>Total</b>	<b>10 945 123</b>	<b>10 503 609</b>

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 claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

# OVERBERG DISTRICT MUNICIPALITY

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

### 17 EMPLOYEE BENEFITS (CONTINUED)

Therefore, although the Cape Joint Retirement Fund and Cape Joint Pension Fund are Multi Employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

	2021 R	2020 R
<b>Defined Contribution Plans</b>		
Council contributes to the following defined contribution plans:		
Municipal Councillors Pension Fund	82 941	82 941
SAMWU National Provident Fund	1 128 497	1 121 300
<b>Total</b>	<b>1 211 438</b>	<b>1 204 240</b>

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

### 18 NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites	<b>3 528 106</b>	<b>2 600 416</b>
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The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	2 600 416	4 493 797
Contribution during the year	927 689	(1 893 381)
Increase/(Decrease) in estimate	667 647	(2 297 823)
Interest Cost	260 042	404 442
<b>Total balance at year-end</b>	<b>3 528 106</b>	<b>2 600 416</b>
Less Current Portion	-	-
<b>Total</b>	<b>3 528 106</b>	<b>2 600 416</b>

There are no current portion associated with this provision as the municipality does not intend to rehabilitate any landfill sites in the next financial year.

# OVERBERG DISTRICT MUNICIPALITY

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

18	NON-CURRENT PROVISIONS (CONTINUED)	2021 R	2020 R
	The total obligation at year-end can be attributed to the following sites:		
	<b>Expected Decommissioning Date</b>		
	<b>Site</b>		
	Karwyderskraal - Cell 1 and 2	1 387 452	1 007 130
	Karwyderskraal - Cell 3	724 814	534 159
	Karwyderskraal - Cell 4	1 239 149	919 779
	<b>Sub-Total</b>	<b>3 351 415</b>	<b>2 461 068</b>
	Post Monitoring and Inspection	176 691	139 348
	<b>Total</b>	<b>3 528 106</b>	<b>2 600 416</b>

Time value of money (discounting) is considered to be material. The discount rate is the rate associated with a liability of a similar risk and maturity as the provision. Due to the long term nature of this provision, which is estimated to be settled in 2081, the Long-Term Government Bond Yield as published by the Reserve Bank is deemed to be both an appropriate assessment of current market rates as well as the timeframes linked to the expected cash flows associated with the liability. The discount rate used was stated at 9.60 % (2020 – 10.00%).

The increase in liability can mainly be attributed to the decrease in discount rate from 10% to 9.6% as well as the increase in input costs associated with rehabilitation of

	2021	2020
Estimated area to be rehabilitated (m <sup>2</sup> )		
- Cell 1 and 2	46 050	46 050
- Cell 3	23 600	23 600
- Cell 4	42 200	42 200

The cost of rehabilitation per square meter is based on the current cost of construction at each reporting period. The cost per square meter for Karwyderskraal is (R/m<sup>2</sup>):

- Cell 1 and 2	321	278
- Cell 3	327	288
- Cell 4	313	277

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>18 NON-CURRENT PROVISIONS (CONTINUED)</b>		
Based on current cost of construction (ie before any discounting due to time value of money) at each reporting period, the following rehabilitation estimates could be attributed to each site:		
Karwyderskraal - Cell 1 and 2	14 789 595	12 807 675
Karwyderskraal - Cell 3	7 726 183	6 792 896
Karwyderskraal - Cell 4	13 208 756	11 696 835
<b>Total</b>	<b>35 724 533</b>	<b>31 297 406</b>
Environmental Specialists were utilised to determine the current cost of rehabilitation of landfill sites.		
The post monitoring and inspection cost is estimated to occur for a period of 30 year subsequent the decommissioning date of the facility. Karwyderskraal is expected to be decommissioned in 2081. The post monitoring and inspection cost is expected to be incurred over the period ranging from 2082 to 2111.		
<b>19 RESERVES</b>		
Accumulated Surplus	46 304 272	44 654 323
Capital Replacement Reserve	4 988 500	-
<b>Total</b>	<b>51 292 772</b>	<b>44 654 323</b>
<b>20 GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Unconditional Grants - National Government</b>	<b>74 636 000</b>	<b>71 776 000</b>
Equitable Share	74 636 000	71 776 000
<b>Conditional Grants - National Government</b>	<b>3 928 572</b>	<b>2 300 201</b>
Equitable Share - Disaster Relief (COVID 19)	1 726 546	-
Financial Management Grant (FMG)	1 000 000	1 000 000
Expanded Public Works Program (EPWP)	1 188 000	1 121 201
Rural Roads Asset Management System	14 026	-
Municipal Disaster Relief Grant	-	179 000
<b>Conditional Grants - Provincial Government</b>	<b>5 721 224</b>	<b>1 614 639</b>
Health Subsidy	209 714	159 169
Other Provincial Allocations	5 511 511	1 455 471
<b>Conditional Grants - National Departmental Agencies</b>	<b>86 875</b>	<b>51 825</b>
Education, Training and Development Practices SETA	86 875	51 825
<b>Total</b>	<b>84 372 671</b>	<b>75 742 665</b>

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
Disclosed as:		
Revenue from Non-Exchange Transactions (Operating)	81 487 038	75 051 482
Revenue from Non-Exchange Transactions (Capital)	2 885 633	691 183
<b>Total</b>	<b>84 372 671</b>	<b>75 742 665</b>
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	76 362 546	71 776 000
Municipal Manager	-	257 308
Finance	6 612 412	2 428 988
Community Services	1 397 714	1 280 370
<b>Total</b>	<b>84 372 671</b>	<b>75 742 665</b>

The movements per grant can be summarised as follows:

### 20.01 Equitable Share

Grants Received	74 636 000	71 776 000
Transferred to Revenue - Operating	(74 636 000)	(71 776 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

### 20.02 Equitable Share - Disaster Relief (COVID 19)

Grants Received	2 912 000	-
Transferred to Revenue - Operating	(1 726 546)	-
<b>Closing Unspent Balance</b>	<b>1 185 454</b>	<b>-</b>

This dedicated additional grant allocation as part of the equitable share allocation was utilised and aligned with the National Treasury directives issue to assist municipalities with prescribed expenditure relating to the COVID-19 pandemic.

### 20.03 Financial Management Grant (FMG)

Grants Received	1 000 000	1 000 000
Transferred to Revenue - Operating	(1 000 000)	(1 000 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>



# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<p>The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.</p>		
<b>20.04 Expanded Public Works Program (EPWP)</b>		
Opening Unspent Balance	121 799	-
Grants Received	1 188 000	1 243 000
Transferred to Revenue - Operating	(1 188 000)	(1 121 201)
Returned to National Treasury	(121 799)	-
<b>Closing Unspent Balance</b>	<b>-</b>	<b>121 799</b>
<p>The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.</p>		
<b>20.05 Rural Roads Asset Management System</b>		
Opening Unspent Balance	2 807 000	1 115 381
Grants Received	2 670 000	2 807 000
Transferred to Revenue - Operating	(14 026)	-
Returned to National Treasury	(2 807 000)	(1 115 381)
<b>Closing Unspent Balance</b>	<b>2 655 974</b>	<b>2 807 000</b>
<p>The purpose of the grant is to assist rural district municipalities to set up rural road asset management systems (RRAMS), collect road data, traffic data and road classification in line with the Road Infrastructure Strategic Framework South African (RISFSA).</p>		
<b>20.06 Municipal Disaster Relief Grant</b>		
Grants Received	-	179 000
Transferred to Revenue - Capital	-	(66 349)
Transferred to Revenue - Operating	-	(112 651)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
<p>This grant was utilised for the purchase of personal protective equipment, decontamination hygiene packs and other materials in the fight against the COVID-19 pandemic.</p>		

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>20.06 Health Subsidy</b>		
Grants Received	209 714	159 169
Transferred to Revenue - Operating	(209 714)	(159 169)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
Health subsidies was used to fund expenditure incurred for continued benefits of primary health care personnel previously employed by the municipality.		
<b>20.07 Other Provincial Allocations and SETA</b>		
Opening Unspent Balance	4 555 611	3 216 187
Grants Received	3 356 031	2 905 651
Transferred to Revenue - Capital	(2 885 633)	(624 834)
Transferred to Revenue - Operating	(2 712 752)	(882 462)
Returned to Provincial Treasury	(488 319)	(58 931)
<b>Closing Unspent Balance</b>	<b>1 824 937</b>	<b>4 555 611</b>
Other Provincial Allocations includes grants such as:		
- Disaster and Risk Management		
- Provincial Finance Management Support Grant		
- SETA Training Fund		
- Fire Safety Plan		
- Human Relief Grant		
- Municipal Service Delivery and Capacity Building Grant		
- Human Capacity Building Grant		
Refer to Appendix D for more detail relating to Other Provincial Allocations		
<b>20.08 Total Grants</b>		
Opening Unspent Balance	7 484 410	4 331 567
Grants Received	85 971 745	80 069 820
Transferred to Revenue - Capital	(2 885 633)	(691 183)
Transferred to Revenue - Operating	(81 487 038)	(75 051 482)
Returned to National Treasury	(2 928 799)	(1 115 381)
Returned to Provincial Treasury	(488 319)	(58 931)
<b>Closing Unspent Balance</b>	<b>5 666 365</b>	<b>7 484 410</b>

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>21 CONTRIBUTED ASSETS</b>		
ODM Training Facility Bredasdorp (Santam)	663 375	-
Other	4 083	-
<b>Total</b>	<b>667 458</b>	<b>-</b>
<p>The contributed assets from Santam Ltd relates to the establishment of Disaster Risk Management training facility of the Overberg District Municipality where co-funding was provided the institution (in terms of their Local Government Support Programme)</p>		
<b>22 ACTUARIAL GAINS</b>		
Post Retirement Medical Benefits	-	7 201 845
Long Service Awards	668 652	42 227
<b>Total</b>	<b>668 652</b>	<b>7 244 072</b>
<b>23 ROADS MAINTENANCE SERVICES</b>		
Roads Maintenance Services	124 440 834	94 628 565
<b>Total</b>	<b>124 440 834</b>	<b>94 628 565</b>
<b>Details of roads maintenance services:</b>		
Payable at the beginning of the year	5 666 345	6 593 867
Funds Received	128 105 186	96 351 324
Transferred to Revenue - Operating	(124 440 834)	(94 628 565)
Increase/(Decrease) in Non-Current Employee Benefit Receivable	3 850 000	(2 465 113)
Increase in Current Receivable (Department of Transport and Public Works)	-	2 465 113
Funds returned to Department of Transport and Public Works	-	(2 650 281)
<b>Payable at the end of the year</b>	<b>13 180 697</b>	<b>5 666 345</b>
<p>The roads funding received is utilised to upgrade and maintain the provincial roads network in the municipal area.</p>		
<b>24 SERVICE CHARGES</b>		
Landfill Revenue	11 843 846	11 467 850
Electricity	286 188	235 980
<b>Total</b>	<b>12 130 034</b>	<b>11 703 830</b>
<p>The Landfill Revenue raised relates to the Karwyderskraal dumping site where landfill services are mainly rendered to the Theewaterskloof - and Overstrand Local Municipalities.</p>		

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>25 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Resorts	14 267 844	14 273 871
Equipment	14 233	37 300
Other	28 938	26 916
<b>Total</b>	<b>14 311 015</b>	<b>14 338 087</b>
<b>26 AGENCY SERVICES</b>		
Roads	11 343 148	10 127 284
<b>Total</b>	<b>11 343 148</b>	<b>10 127 284</b>
<p>The Roads agency fee relates to the roads function being performed by the municipality on behalf of the Western Cape Provincial Government.</p>		
<b>27 OTHER INCOME</b>		
Fire Services	3 923 697	3 342 000
Inspection Fees	113 948	200 053
Shared Services	197 266	148 864
Reduction in Rehabilitation Provision	-	1 465 276
Sundry Income	227 803	156 085
<b>Total</b>	<b>4 462 714</b>	<b>5 312 278</b>
<p>Sundry income represents a wide range of revenue items (such as payroll commission, tender deposits, copies and faxes, Entrance Fees, Scrap Sales) which is not considered material to warrant separate disclosure in the financial statements.</p> <p>The prior year disclosure we reclassified to consolidate immaterial items which does not warrant separate disclosure. This had no impact on total other income..</p>		
<b>28 REVERSAL OF DEBT IMPAIRMENT</b>		
Receivables from exchange transactions	-	262 393
<b>Total</b>	<b>-</b>	<b>262 393</b>

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>29 EMPLOYEE RELATED COSTS</b>		
Basic Salaries and Wages	72 466 638	70 087 367
Bonus	5 601 630	5 419 840
Performance Bonus	123 618	137 895
Pension Fund Contributions	12 029 941	11 518 634
Medical Aid Contributions	4 467 181	4 421 128
Motor Vehicle Allowance	4 422 693	4 775 028
Overtime	2 927 040	2 722 516
UIF Contributions	593 667	565 144
Cellphone Allowance	416 056	423 386
Housing Allowances	710 821	741 847
Standby Allowance	3 239 531	2 991 267
Group Life Insurance	2 702 555	1 532 286
Bargaining Council Levy	39 560	38 473
Workmen's Compensation Contributions	578 490	550 173
Leave Contributions	1 307 137	2 033 289
Long service awards	506 000	478 588
Post Retirement Medical Benefits	738 000	828 986
<b>Total</b>	<b>112 870 559</b>	<b>109 265 846</b>

### Remuneration of Key Personnel

Key personnel are appointed on fixed term contracts.

### Remuneration of the Municipal Manager - DP Beretti (Appointed 18 November 2013)

Basic Salary	1 454 597	1 454 597
Pension and UIF Contributions	1 898	1 785
Motor Vehicle Allowance	177 817	186 230
Housing Allowance	4 738	4 851
Cellphone Allowance	18 000	18 000
<b>Total</b>	<b>1 657 051</b>	<b>1 665 463</b>

### Remuneration of the Chief Financial Officer - CF Hoffmann (1 July 2020 to 31 December 2020)

Basic Salary	471 282	883 669
Performance Bonus	76 073	55 842
Pension and UIF Contributions	892	1 785
Motor Vehicle Allowance	37 824	75 776
Housing Allowance	645	2 052
Cellphone Allowance	3 000	5 779
Other benefits and allowances	1 716	19 976
<b>Total</b>	<b>591 432</b>	<b>1 044 880</b>

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R	
<b>29 EMPLOYEE RELATED COSTS (CONTINUED)</b>			
<b>Remuneration of the Acting Chief Financial Officer - NL Kruger (11 January to 30 June 2021)</b>			
Basic Salary	396 628	-	
Pension and UIF Contributions	1 006	-	
Motor Vehicle Allowance	33 966	-	
Housing Allowance	331	-	
Cellphone Allowance	2 836	-	
<b>Total</b>	<b>434 766</b>	<b>-</b>	
<b>Remuneration of the Director Community Services - PA Oliver (Appointed 6 June 2018 for 5 years)</b>			
Basic Salary	814 163	814 163	
Performance Bonus	47 545	82 053	
Pension and UIF Contributions	136 466	136 353	
Motor Vehicle Allowance	70 912	89 519	
Housing Allowance	841	954	
Cellphone Allowance	18 000	18 000	
<b>Total</b>	<b>1 087 928</b>	<b>1 141 043</b>	
<b>30 REMUNERATION OF COUNCILLORS</b>			
Annual Remuneration	4 072 482	4 001 156	
Pension Contributions	128 369	189 215	
Motor Vehicle Allowance	1 369 508	1 607 468	
Cellphone Allowance	399 600	399 600	
<b>Total</b>	<b>5 969 959</b>	<b>6 197 440</b>	
<b>In-kind Benefits</b>			
The Executive Mayor and all the committee members are full-time. The Mayoral Committee Members are provided with secretarial support and an office at the cost of the Council.			
<b>Remuneration detail of Councillors</b>			
Mayor	AE Franken	1 038 562	1 112 837
Deputy Mayor	AG Klaas	759 478	776 362
Speaker	LM De Bruyn	765 737	782 943
Mayoral Committee	HD Coetzee	715 390	722 136
Mayoral Committee (Up to October 2019)	MJ Koch	-	153 658
Mayoral Committee	CM Lamprecht	-	400 931
Mayoral Committee	L Ntsabo	406 330	419 759
Mayoral Committee	CT Resandt	269 412	-

# OVERBERG DISTRICT MUNICIPALITY

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

		2021 R	2020 R
<b>30</b>	<b>REMUNERATION OF COUNCILLORS (CONTINUED)</b>		
	Mayoral Committee (From November 2020)		
	S Fredericks	257 215	-
	Direct		
	KJ Tiemie	327 270	333 292
	Direct		
	SH Fourie	327 270	338 196
	Direct		
	MH Witbooi	321 966	331 465
	Direct		
	JC Gelderblom	327 270	333 238
	Direct		
	VE Mentile	327 270	337 948
	Part Time (Up to July 2019)	-	385
	Part Time (Up to October 2020)	6 619	16 478
	Part Time (From December 2019)	27 779	17 900
	Part Time		
	NM Sapepa	10 440	15 071
	Part Time		
	EL Sauls	10 556	11 587
	Part Time (From August 2019)		
	JR Orban	10 440	17 190
	Part Time		
	EC Marthinus	10 440	11 496
	Part Time		
	R Brinkhuys	14 342	20 348
	Part Time		
	UT Sipunzi	6 619	13 037
	Part Time		
	C Wood	13 239	11 730
	Part Time (From July 2020)	16 315	-
	Part Time (Up to June 2020)	-	19 451
	<b>Total</b>	<b>5 969 959</b>	<b>6 197 440</b>
	Included in the remuneration of the Mayor is Travel claims amounting to R 100 312.		
<b>31</b>	<b>DEBT IMPAIRMENT</b>		
	Receivables from exchange transactions	63 456	144 889
	Receivables from non-exchange transactions	3 944	(153)
	<b>Total</b>	<b>67 400</b>	<b>144 736</b>
<b>32</b>	<b>DEPRECIATION AND AMORTISATION</b>		
	Property, Plant and Equipment	3 092 323	3 565 474
	Intangible Assets	5 932	7 966
	<b>Total</b>	<b>3 098 255</b>	<b>3 573 440</b>
<b>33</b>	<b>IMPAIRMENT</b>		
	Property, Plant and Equipment	729 854	-
	<b>Total</b>	<b>729 854</b>	<b>-</b>

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>34 ACTUARIAL LOSSES</b>		
Post Retirement Medical Benefits	6 101 413	-
Long Service Awards	-	-
<b>Total</b>	<b>6 101 413</b>	<b>-</b>
<b>35 FINANCE CHARGES</b>		
Annuity Loans	2 661 708	3 001 869
Finance Lease Liabilities	-	6 500
Rehabilitation Provision - Landfill Sites	260 042	404 442
Post Retirement Medical Benefits	5 196 000	4 359 294
Long Service Awards	526 000	446 795
<b>Total</b>	<b>8 643 749</b>	<b>8 218 900</b>
<b>36 BULK PURCHASES</b>		
Electricity	765 947	385 037
<b>Total</b>	<b>765 947</b>	<b>385 037</b>
<b>37 CONTRACTED SERVICES</b>		
Accounting, Business and Financial Management	1 053 562	820 825
Audit Committee	116 498	123 795
Burial Services	33 200	56 175
Contractors - Maintenance of Buildings and Facilities	1 226 901	691 865
Contractors - Maintenance of Equipment	354 092	551 170
Contractors - Maintenance of Unspecified Assets	3 312 324	4 889 609
Fire Services	2 213 344	1 392 260
Human Resources	232 491	184 688
Laboratory Services	367 760	276 562
Landfill site operational & maintenance	4 545 984	3 990 082
Legal Cost	382 730	745 157
Occupational Health and Safety	48 690	5 626
Project Management	12 869	-
Security Services	2 042 445	2 147 896
Other	177 931	513 045
<b>Total</b>	<b>16 120 821</b>	<b>16 388 756</b>
<b>38 TRANSFERS AND GRANTS</b>		
Bursaries	680 000	-
<b>Total</b>	<b>680 000</b>	<b>-</b>



# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>39 OTHER EXPENDITURE</b>		
Advertising, Publicity and Marketing	410 492	346 952
Audit Fees	3 336 784	3 322 680
Alien Vegetation Control	629 605	29 450
Bank Charges, Facility and Card Fees	138 016	109 563
Blades	651 963	521 917
Bursaries	80 175	-
Catering and Refreshments	26 376	25 732
Cleaning materials	35 534	30 065
Equipment Rental	9 469 203	9 580 670
Freight Services	91 605	122 022
Fuel Cost	12 977 958	11 301 790
Hire Charges	56 125	70 751
Insurance	1 054 259	999 293
IT Services and Software Licences	2 181 398	2 396 083
Materials	44 566 825	27 231 517
Management Fee	9 091	9 991
Membership Fees	1 102 639	1 055 195
Motor Vehicle Licence and Registrations	85 669	77 990
Municipal services	6 433 695	6 013 708
Office rental	468 868	429 924
Oil and Tyres	3 814 266	2 974 175
Printing, Publications and Stationery	710 076	642 760
Safety clothes	1 947 602	343 496
Skills development levy	912 910	865 101
Telephone and Postage	1 883 304	1 783 530
Training and Workshops	31 276	59 365
Travel and subsistence	51 565	146 138
General Expenses	71 370	97 889
<b>Total</b>	<b>93 228 646</b>	<b>70 587 745</b>
<b>40 LOSS ON DISPOSAL OF ASSETS</b>		
Property Plant and Equipment	300 909	464 105
<b>Total</b>	<b>300 909</b>	<b>464 105</b>
<b>41 REPAIRS AND MAINTENANCE</b>		
The following expenditure relating to repairs and maintenance projects were identified by the municipality:		
Contracted Services	8 940 288	8 306 255
Other Expenditure	383 591	244 062
<b>Total</b>	<b>9 323 879</b>	<b>8 550 317</b>

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>41 REPAIRS AND MAINTENANCE (CONTINUED)</b>		
In line with the requirements of GRAP 17, the repairs and maintenance related expenditure can be attributed to the following asset classes:		
Land and Buildings (Including Resorts)	5 414 465	4 748 613
Machinery and Equipment	904 875	1 326 594
Vehicles	3 004 540	2 475 110
<b>Total</b>	<b>9 323 879</b>	<b>8 550 317</b>
<b>42 PRIOR PERIOD ADJUSTMENTS</b>		
<b>42.01 RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
<b>Balance Previously Reported</b>		<b>15 168 836</b>
Recognise HIK municipal charges previously not recovered		211 957
Effect on Accumulated Surplus - Refer to note 42.06		97 409
Effect on Statement of Financial Performance - Refer to note 42.07		87 001
Effect on Taxes - Refer to note 42.05		27 547
<b>Restated Balance on 30 June 2020</b>		<b>15 380 793</b>
<b>42.02 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
<b>Balance Previously Reported</b>		<b>429 513</b>
Nashua Rental Payment previously not allocated out of suspense vote during 2017/18 - Refer to note 42.06		(76 859)
Bank charges incurred during 2018/19 incorrectly not expensed - Refer to note 42.06		(54 402)
Correction of interest on deposits and deposits incorrectly expensed up to 30 June 2019 - Refer to note 42.06		183 628
Correction of interest on deposits and deposits incorrectly expensed during 2019/20 - Refer to note 42.07		26 383
<b>Restated Balance on 30 June 2020</b>		<b>508 264</b>
<b>42.02 PROPERTY PLANT AND EQUIPMENT</b>		
<b>Balance Previously Reported</b>		<b>65 910 673</b>
Samsung Tablets (18) previously not accurately capitalised as finance leases - Refer to note 42.06		63 000
Vodacom Tablets (50) previously not accurately capitalised as finance leases - Refer to note 42.06		102 950
Transfer tablets between leased assets and computer equipment on conclusion of lease term during 2019/20		-
Effect on Leased assets (Cost)		(102 950)
Effect on Office Equipment (Cost)		102 950
Effect on Leased assets (Accumulated Depreciation)		14 414
Effect on Office Equipment (Accumulated Depreciation)		(14 414)

# OVERBERG DISTRICT MUNICIPALITY

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

	2020 R
<b>42 PRIOR PERIOD ADJUSTMENTS (CONTINUED)</b>	
Correct classification of movable assets on 30 June 2019	-
Effect on Buildings (Cost)	(7 338)
Effect on Computer Equipment (Cost)	(17 556)
Effect on Furniture and fittings (Cost)	10 088
Effect on Machinery and equipment (Cost)	(213 799)
Effect on Office equipment (Cost)	(11 755)
Effect on Vehicles (Cost)	(12 092 296)
Effect on Specialised Vehicles (Cost)	12 332 656
Effect on Buildings (Accumulated Depreciation)	7 269
Effect on Computer Equipment (Accumulated Depreciation)	2 006
Effect on Furniture and fittings (Accumulated Depreciation)	(9 973)
Effect on Machinery and equipment (Accumulated Depreciation)	24 340
Effect on Office equipment (Accumulated Depreciation)	4 478
Effect on Vehicles (Accumulated Depreciation)	2 796 021
Effect on Specialised Vehicles (Accumulated Depreciation)	(2 824 141)
Correct classification of movable asset additions during 2019/20	-
Effect on Machinery and equipment (Cost)	(17 177)
Effect on Vehicles (Cost)	(485 494)
Effect on Specialised Vehicles (Cost)	502 671
Effect on Buildings (Depreciation)	35
Effect on Computer Equipment (Depreciation)	1 756
Effect on Furniture and fittings (Depreciation)	(58)
Effect on Machinery and equipment (Depreciation)	20 450
Effect on Office equipment (Depreciation)	497
Effect on Vehicles (Depreciation)	777 799
Effect on Specialised Vehicles (Depreciation)	(800 478)
Correct classification of movable asset disposals during 2019/20	-
Effect on Machinery and equipment (Cost)	2 608
Effect on Specialised Vehicles (Cost)	(2 608)
Effect on Machinery and equipment (Accumulated Depreciation)	(1 842)
Effect on Specialised Vehicles (Accumulated Depreciation)	1 842
Recognise assets previously not recorded on deemed cost date - Refer to note 42.06	94 280
Effect on Computer Equipment (Cost)	6 641
Effect on Furniture and fittings (Cost)	33 799
Effect on Machinery and equipment (Cost)	37 314
Effect on Office equipment (Cost)	9 750
Effect on Vehicles (Cost)	5 359
Effect on Specialised Vehicles (Cost)	1 417

# OVERBERG DISTRICT MUNICIPALITY

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

	2020 R
<b>42 PRIOR PERIOD ADJUSTMENTS (CONTINUED)</b>	
Assets incorrectly included in the asset register up to 30 June 2019 - Refer to note 42.06	(223 794)
Effect on Computer Equipment (Cost)	(63 488)
Effect on Furniture and fittings (Cost)	(76 206)
Effect on Machinery and equipment (Cost)	(31 404)
Effect on Office equipment (Cost)	(29 568)
Effect on Vehicles (Cost)	(23 128)
Assets incorrectly capitalised during 2019/20 - Refer to note 42.07	(2 739)
Effect on Office equipment (Cost)	(2 739)
Assets incorrectly disposed in years up to 30 June 2019 - Refer to note 42.06	15 101
Effect on Computer Equipment (Cost)	1 019
Effect on Furniture and fittings (Cost)	2 737
Effect on Machinery and equipment (Cost)	3 621
Effect on Office equipment (Cost)	268
Effect on Buildings (Cost)	7 456
Assets incorrectly disposed during 2019/20 - Refer to note 42.07	14 991
Effect on Computer Equipment (Cost)	10 444
Effect on Furniture and fittings (Cost)	35 077
Effect on Machinery and equipment (Cost)	3 084
Effect on Office equipment (Cost)	7 697
Effect on Computer Equipment (Accumulated Depreciation)	(9 055)
Effect on Furniture and fittings (Accumulated Depreciation)	(24 988)
Effect on Machinery and equipment (Accumulated Depreciation)	(2 529)
Effect on Office equipment (Accumulated Depreciation)	(4 739)
Correction of Depreciation up to 30 June 2019 as a result of various adjustments to cost of assets previously recognised - Refer to note 42.06	14 942
Effect on Buildings (Accumulated Depreciation)	(2 218)
Effect on Leased Assets (Accumulated Depreciation)	(12 355)
Effect on Computer Equipment (Accumulated Depreciation)	14 499
Effect on Furniture and fittings (Accumulated Depreciation)	19 285
Effect on Machinery and equipment (Accumulated Depreciation)	(11 906)
Effect on Office equipment (Accumulated Depreciation)	(243)
Effect on Vehicles (Accumulated Depreciation)	8 943
Effect on Specialised Vehicles (Accumulated Depreciation)	(1 062)

# OVERBERG DISTRICT MUNICIPALITY

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

		2020 R
<b>42</b>	<b>PRIOR PERIOD ADJUSTMENTS (CONTINUED)</b>	
	Correction of Depreciation during 2019/20 as a result of various adjustments to cost of assets previously recognised - Refer to note 42.07	(5 585)
	Effect on Buildings (Depreciation)	(249)
	Effect on Leased Assets (Depreciation)	(2 060)
	Effect on Computer Equipment (Depreciation)	5 253
	Effect on Furniture and fittings (Depreciation)	2 319
	Effect on Machinery and equipment (Depreciation)	2 288
	Effect on Office equipment (Depreciation)	(15 154)
	Effect on Vehicles (Depreciation)	2 135
	Effect on Specialised Vehicles (Depreciation)	(118)
	<b>Restated Balance on 30 June 2020</b>	<b>65 983 819</b>
	<b>42.03 LONG TERM LIABILITIES</b>	
	<b>Balance Previously Reported</b>	<b>22 211 463</b>
	Recognise Finance Leases previously not recognised (Tablets)	-
	Recognise outstanding lease liability previously not recognised on 30 June 2019 - Refer to note 42.06	46 077
	Recognise redemption of finance lease liability during 2019/20 - Refer to note 42.07	(46 077)
	<b>Restated Balance on 30 June 2020</b>	<b>22 211 463</b>
	<b>42.04 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>	
	<b>Balance Previously Reported</b>	<b>7 484 410</b>
	Revenue recognised relating to FMG and EPWP incorrectly included as part of Provincial Government disclosure	-
	Effect on National Government Disclosure	(2 121 201)
	Effect on Provincial Government Disclosure	2 121 201
	<b>Restated Balance on 30 June 2020</b>	<b>7 484 410</b>
	<b>42.05 TAXES</b>	
	<b>Balance Previously Reported</b>	<b>2 634 303</b>
	Recognise HIK municipal charges previously not recovered - Refer to note 42.01	27 547
	<b>Restated Balance on 30 June 2020</b>	<b>2 661 850</b>

# OVERBERG DISTRICT MUNICIPALITY

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

		2020
		R
<b>42</b>	<b>PRIOR PERIOD ADJUSTMENTS (CONTINUED)</b>	
	<b>42.06 ACCUMULATED SURPLUS</b>	
	<b>Balance Previously Reported</b>	<b>44 318 017</b>
	Prior Period adjustments relating to 2019/20 - Refer to note 42.07	166 128
	Prior Period Adjustments up to 30 June 2019	170 178
	Samsung Tablets (18) previously not accurately capitalised as finance leases - Refer to note 42.02	63 000
	Vodacom Tablets (50) previously not accurately capitalised as finance leases - Refer to note 42.02	102 950
	Recognise outstanding lease liability previously not recognised on 30 June 2019 - Refer to note 42.03	(46 077)
	Recognise HIK municipal charges previously not recovered - Refer to note 42.01	97 409
	Nashua Rental Payment previously not allocated out of suspense vote during 2017/18 - Refer to note 42.02	(76 859)
	Bank charges incurred during 2018/19 incorrectly not expensed - Refer to note 42.02	(54 402)
	Recognise assets previously not recorded on deemed cost date - Refer to note 42.02	94 280
	Assets incorrectly included in the asset register up to 30 June 2019 - Refer to note 42.02	(223 794)
	Assets incorrectly disposed in years up to 30 June 2019 - Refer to note 42.02	15 101
	Correction of Depreciation up to 30 June 2019 as a result of various adjustments to cost of assets previously recognised - Refer to note 42.02	14 942
	Correction of interest on deposits and deposits incorrectly expensed up to 30 June 2019- Refer to note 42.02	183 628
	<b>Restated Balance on 30 June 2020</b>	<b>44 654 323</b>
	<b>42.07 STATEMENT OF FINANCIAL PERFORMANCE</b>	
	<b>Surplus Previously Reported</b>	<b>6 066 524</b>
	<b>Service Charges</b>	<b>235 980</b>
	Pre-paid electricity sales incorrectly included as part of Rental of Facilities and Equipment	235 980
	<b>Rental of Facilities and Equipment</b>	<b>(235 980)</b>
	Pre-paid electricity sales incorrectly included as part of Rental of Facilities and Equipment	(235 980)
	<b>Interest Earned - external investments</b>	<b>2 429</b>
	Correction of interest on deposits and deposits incorrectly expensed during 2019/20 - Refer to note 42.02	2 429

# OVERBERG DISTRICT MUNICIPALITY

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

42	PRIOR PERIOD ADJUSTMENTS (CONTINUED)	2020 R
	<b>Depreciation and Amortisation</b>	<b>(5 585)</b>
	Correction of Depreciation during 2019/20 as a result of various adjustments to cost of assets previously recognised - Refer to note 42.02	(5 585)
	<b>Finance Charges</b>	<b>(4 184)</b>
	Recognise redemption of finance lease liability during 2019/20 - Refer to note 42.03	(4 184)
	<b>Bulk Purchases</b>	<b>(385 037)</b>
	Bulk Purchases incorrectly included as part of Municipal Services	(385 037)
	<b>Contracted Services</b>	<b>967 714</b>
	IT Services incorrectly included as part of contracted services	967 714
	<b>Other Expenditure</b>	<b>(424 200)</b>
	Recognise redemption of finance lease liability during 2019/20 - Refer to note 42.03	50 261
	Recognise HIK municipal charges previously incorrectly expensed and not recovered over lease term - Refer to note 42.01	87 001
	Assets incorrectly capitalised during 2019/20 - Refer to note 42.02	(2 739)
	Correction of interest on deposits and deposits incorrectly expensed during 2019/20 - Refer to note 42.02	23 954
	IT Services incorrectly included as part of contracted services	(967 714)
	Bulk Purchases incorrectly included as part of Municipal Services	385 037
	<b>Loss on Disposal of Assets</b>	<b>14 991</b>
	Assets incorrectly disposed during 2019/20 - Refer to note 42.02	14 991
	<b>Restated Surplus on 30 June 2020</b>	<b>6 232 652</b>

# OVERBERG DISTRICT MUNICIPALITY

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

### 42 PRIOR PERIOD ADJUSTMENTS (CONTINUED)

#### 42.08 CASH FLOW STATEMENT

The Cash Flow Statement was restated as a result of prior period errors identified as well as errors identified relating incorrect classifications.

	2020 R (Previously Reported)	2020 R (Adjustments)	2020 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Service charges	9 726 426	235 980	9 962 406
Other revenue	22 399 722	3 231 270	25 630 992
Roads Maintenance Services	96 351 324	-	96 351 324
Government - operating	79 803 470	-	79 803 470
Government - capital	266 349	-	266 349
Interest	1 876 933	-	1 876 933
<b>Payments</b>			
Suppliers and employees	(203 348 290)	(3 419 729)	(206 768 019)
Finance charges	(3 004 185)	(4 184)	(3 008 369)
<b>NET CASH FROM OPERATING</b>	<b>4 071 750</b>	<b>43 338</b>	<b>4 115 087</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Purchase of Property, Plant and Equipment	(3 000 556)	2 739	(2 997 817)
<b>NET CASH USED INVESTING</b>	<b>(3 000 556)</b>	<b>2 739</b>	<b>(2 997 817)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Loans repaid	(2 872 212)	(46 077)	(2 918 289)
<b>NET CASH USED FINANCING</b>	<b>(2 872 212)</b>	<b>(46 077)</b>	<b>(2 918 289)</b>
<b>NET DECREASE IN CASH HELD</b>	<b>(1 801 017)</b>	<b>-</b>	<b>(1 801 017)</b>
<b>CASH HELD ON 30 JUNE 2020</b>	<b>36 646 958</b>	<b>-</b>	<b>36 646 958</b>



# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>43 NET CASH FROM OPERATING ACTIVITIES</b>		
Net Surplus for the year	6 638 449	6 232 652
Adjusted for:		
Non-Cash Revenue	(1 336 110)	(8 971 741)
Actuarial Gains	(668 652)	(7 244 072)
Reduction in Landfill Site Provision	-	(1 465 276)
Reversal of Debt Impairment	-	(262 393)
Contributed Assets	(667 458)	-
Non-Cash Expenditure	16 279 872	9 417 092
Debt Impairment	67 400	144 736
Depreciation and Amortisation	3 098 255	3 573 440
Impairment	729 854	-
Actuarial losses	6 101 413	-
Finance Charges	5 982 042	5 210 531
Stock Adjustments	-	24 281
Loss on disposal of Assets	300 909	464 105
Contributions - Provisions and Employee Benefits	8 152 767	8 760 702
Post Retirement Medical Benefits	738 000	828 986
Long Service Awards	506 000	478 588
Bonuses	5 601 630	5 419 840
Staff Leave	1 307 137	2 033 289
Expenditure - Provisions and Employee Benefits	(10 418 048)	(9 274 581)
Post Retirement Medical Benefits	(3 051 413)	(2 908 556)
Long Service Awards	(433 348)	(676 077)
Bonuses	(5 668 006)	(5 091 220)
Staff Leave	(1 265 282)	(598 729)
Non-Cash Movement in Employee Benefit Receivable	(3 850 000)	2 465 113
Other adjustments	(3 417 118)	(1 174 312)
Grants Returned to National Treasury	(2 928 799)	(1 115 381)
Grants Returned to Provincial Treasury	(488 319)	(58 931)
Operating Surplus before changes in working capital	12 049 812	7 454 925
Movement in working capital	14 029 374	(3 339 837)
Receivables from exchange and non-exchange transactions	5 776 858	(7 481 344)
Inventory	(450 359)	63 803
Payables from exchange transactions	9 137 670	(1 837 056)
Unspent Conditional Government Grants	1 599 073	4 327 155
Taxes	(2 033 867)	1 587 606
<b>Cash Flow from/(used) Operating Activities</b>	<b>26 079 187</b>	<b>4 115 088</b>

# OVERBERG DISTRICT MUNICIPALITY

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

	2021	2020
	R	R
<b>44 CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	14 234 112	2 737 913
Call and Notice Deposits	41 839 617	33 901 645
Cash Floats	1 800	7 400
<b>Total</b>	<b>56 075 529</b>	<b>36 646 958</b>

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

## 45 BUDGET COMPARISONS

### 45.1 COMPARABLE BASIS

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

The following items are affected by these classification differences:

#### Statement of financial position

Consumer Debtors consist out of both Receivables from Exchange Transactions and Receivables from Non-Exchange Transactions - Service Receivables.

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

The National Treasury budget formats does not include an allocation for Employee Benefits (Current Assets and Non-Current Assets). Accordingly, the Employee Benefits included as part of Current and Non-Current Assets is approved as Long Term Receivables and Current Portion of Long Term Receivables on the National Treasury Schedules.

Cash included in the budget statement includes all Cash and Cash Equivalents

Trade and Other Payables incorporates Payable from exchange transactions, Unspent Conditional Government Grants as well as Taxes.

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

#### Statement of financial performance

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

Service charges are aggregated in the budget statement to ensure alignment with the disclosure in the statement of financial performance.

# OVERBERG DISTRICT MUNICIPALITY

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

### 45 BUDGET COMPARISONS (CONTINUED)

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income, Actuarial Gains, Reversal of Debt Impairment, Reversal of Impairments, Insurance Receipts. Roads Maintenance Services are separately disclosed on face of the statement of financial performance, while it is budgeted for and included as part of Government Grants and Subsidies - Operating in the budget comparisons.

The prescribed formats of National Treasury includes a line item for "Gains" and "Losses". Accordingly all gains/losses on disposal of property, plant and equipment, intangible assets and investment property are included in these line item respectively.

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure, Materials and Actuarial Losses and Stock Adjustments. Depreciation and Amortisation and Impairments are aggregated for Budget purposes.

Other than the items identified above (relating to aggregations), the following actual results were also reclassified to ensure that the performance for the year is measured on a comparable basis to the budget approved, which are guided by mSCOA classifications and principles:

	Actual per Statement of Financial	Reclassification due to mSCOA versus GRAP	Per Budget Comparison
Revenue	R	R	R
Rental of facilities and equipment	14 311 015	(2 455 142)	11 855 873
Other Income (As aggregated above)	5 433 495	2 455 142	7 888 637

The reclassification relating to revenue relates to camping fees budgeted for as part of Other Income, while disclosed as part of Rental of Facilities on the face of the statement of financial performance.

#### Expenditure

Employee related costs	112 870 559	4 617 510	117 488 069
Finance charges	8 643 749	(5 196 000)	3 447 749
Other Expenditure and Materials	99 330 059	578 490	99 908 549

The reclassification relating to expenditure relates to finance charges on Post Retirement benefits budgeted for as part of Employee Related Cost while disclosed as Finance Charges in the statement of financial performance. Workmens Compensation is budgeted for as part of Other Expenditure while disclosed as Finance Charges in the statement of financial performance.

#### Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis, except for the following:

# OVERBERG DISTRICT MUNICIPALITY

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

### 45 BUDGET COMPARISONS (CONTINUED)

The prescribed formats of National Treasury includes a line item for "Proceeds on disposal of PPE". As there are no such line for other assets (such as intangibles and investment property), the result of the proceeds, other the PPE, are also included in this amount. Accordingly, the item is disclosed as Proceeds on disposal of Assets".

The budget statements does not provide for all the different receipt classifications as per cash flow statement. Roads Maintenance Services are separately disclosed on cash flow statement, while it is budgeted for and included as part of Government - Operating in the budget comparisons.

Capital assets under investing activities correlate to Purchase of Property, Plant and Equipment in Cash Flow Statement.

Repayment of borrowing under financing activities correlate to Loans repaid in Cash Flow Statement.

#### Budget Adjustments

All adjustments made to the approved budget during the year were in line with the defined limits included in the approved Virement Policy of the municipality

### 45.2 MATERIAL VARIANCES

#### Statement of financial position - Budget Adjustments

None

#### Statement of financial position - Budget versus Actual

Cash and Call Investment Deposits	Significant unspent roads maintenance funding and unspent grants at year end not budgeted for as unspent.
Other Receivables	Outstanding balance from the Department of Transport and Public Works not yet settled at year-end
Employee Benefits (current portion)	Variance due to change in treatment of what is considered a reimbursable right relating Post Retirement Medical and Long Service Awards claims from the Department of Transport and Public Works resulting in the recognition of current portion of Employee Benefits previously not budgeted for.
Employee Benefits	Refer to Employee Benefits (current portion)
Trade and other payables	Increase in Roads Maintenance Services payable not budgeted for. This increase is as a result of a significant advance before year-end from the Department of Transport and Public Works.
Provisions and Employee Benefits (Non-Current)	Significant actuarial loss materialised on Post Employment benefits which was not anticipated during the compilation of the final budget.
Accumulated Surplus	Transfer to Capital Replacement Reserve, in line with the policy of the municipality, not budgeted for during the compilation of the final budget.

# OVERBERG DISTRICT MUNICIPALITY

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

45

### BUDGET COMPARISONS (CONTINUED)

Reserves	Transfer to Capital Replacement Reserve, in line with the policy of the municipality, not budgeted for during the compilation of the final budget.
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#### Statement of financial performance - Budget Adjustments

All Adjustments	All adjustments were done in line with the approved virement policy of the municipality where funds are transferred from one line item to another within a specific vote. The following adjustments were considered to be material.
Employee related costs	Adjustments due to budget reallocations in specifically the roads department.
Other Expenditure and Materials	Adjustments due to budget reallocations in specifically the roads department.

#### Statement of financial performance - Budget versus Actual

Government Grants and Subsidies - Operating	Additional funding received from the Department of Transport and Public Works partially offset by unspent grants on year end.
Gains	Expected property sales did not materialise in the current year.
Employee related costs	Although the percentage deviation is not significant, the variance can partially be supported by lower contributions to employee benefits than anticipated during the budget compilation process. A number of vacancies were also not filled during the year.
Contracted Services	Amount of R 2 655 974 in respect of the RRAMS allocation is included in this amount and the tender had only been allocated towards the end of the financial year. An application will be submitted to National Treasury to apply for a roll-over to the 2021/22 financial year. also refer to over spending under Other Expenditure.
Other Expenditure and Materials	Over expenditure offset by under expenditure under contracted services above.

#### Cash Flow Statement - Budget Adjustments

None

#### Cash Flow Statement - Budget versus Actual

Government - operating	Additional Roads funding not budgeted for.
Suppliers and Employees	Variance mainly due to unspent allocations at year-end
Proceeds on disposal of Assets	Expected property sales did not materialise in the current year.

Refer to Appropriations Statement in note 61 for details relating to the original approved budget.

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
<b>46.1 UNAUTHORISED EXPENDITURE</b>		
Unauthorised expenditure consist out of the following:		
Opening balance	-	16 424 967
Unauthorised expenditure current year - operating	3 608 744	-
Unauthorised expenditure current year - capital	23 851	-
Approved by Council	-	(16 424 967)
<b>Unauthorised expenditure awaiting approval</b>	<b>3 632 595</b>	<b>-</b>

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

	2021 (Actual) R	2021 (Final Budget) R	2021 (Unauthorised) R
<b>Unauthorised expenditure - Operating</b>			
Municipal Manager	13 944 952	16 606 552	-
Corporate Services	10 829 138	14 424 089	-
Finance	23 278 417	27 107 442	-
Community Services	200 525 003	196 916 259	3 608 744
<b>Total</b>	<b>248 577 511</b>	<b>255 054 342</b>	<b>3 608 744</b>
<b>Unauthorised expenditure - Capital</b>			
Municipal Manager	45 191	240 000	-
Corporate Services	248 851	225 000	23 851
Finance	73 913	80 000	-
Community Services	4 004 937	4 198 573	-
<b>Total</b>	<b>4 372 893</b>	<b>4 743 573</b>	<b>23 851</b>

The actual capital expenditure exclude the contribute asset value of R 663 375 received from Santam as it was paid direct to the supplier - Refer to note 21

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)</b>		
<b>46.2 FRUITLESS AND WASTEFUL EXPENDITURE</b>		
Fruitless and wasteful expenditure consist out of the following:		
Opening balance	20 866	-
Fruitless and wasteful expenditure incurred	-	9 451
Fruitless and wasteful expenditure incurred in prior years, only identified in current year	-	11 415
Approved by Council	(20 866)	-
<b>Fruitless and wasteful expenditure awaiting approval</b>	<b>-</b>	<b>20 866</b>
Details of Fruitless and wasteful expenditure incurred:		
Overpayment of Salaries (Occurred during 2018/19)	-	4 716
Transport Costs	-	9 451
Electricity meters at Die Dam (Occurred during 2017/18)	-	6 699
<b>Total</b>	<b>-</b>	<b>20 866</b>

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred.

### 46.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

Opening balance	5 544 853	16 996 911
Irregular expenditure incurred	6 819 221	5 544 853
Approved by Council	(10 431 583)	(16 996 911)
<b>Irregular expenditure awaiting approval</b>	<b>1 932 492</b>	<b>5 544 853</b>
Details of Irregular expenditure incurred :		
Local content not applied to procurement process	1 517 573	-
Invalid Deviation - Karwyderskraal Annuity Loan (Interest)	2 661 708	2 996 938
Non-compliance i.r.o SCM procurement processes	9 807	44 875
3 Quotations not obtained	183 035	-
Suppliers Tax status not in order	231 884	-
Regulation 32 Contracts	2 215 215	2 503 040
<b>Total</b>	<b>6 819 221</b>	<b>5 544 853</b>

The irregular expenditure in the prior year (Regulation 32) were restated from R 5 506 014 to R 5 544 853 to include irregular expenditure incorrectly omitted.

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
The local content irregular expenditure relates to a single award in the prior to the current year which was considered to be non-compliant. No additional awards were made in contravention of the relevant legislation.		
Both the Invalid Deviation and Regulation 32 Irregular expenditure relates to awards made in previous financial years. No Regulation 32 awards were made during 2020/21.		
No disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred.		
<b>47.1 Salga Contributions [MFMA 125 (1)(b)]</b>		
Opening balance	(815 157)	(810 522)
Expenditure incurred	1 094 034	1 034 076
Payments	(1 115 509)	(1 038 711)
<b>Payments in advance</b>	<b>(836 632)</b>	<b>(815 157)</b>
<b>47.2 Audit Fees [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Expenditure incurred	3 336 784	3 322 680
External Audit - Auditor-General	3 336 784	3 322 680
Payments	(3 336 784)	(3 322 680)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>
<b>47.3 VAT [MFMA 125 (1)(c)]</b>		
Opening balance	(1 098 711)	133 512
Amounts received during the year	(1 053 977)	(6 128 627)
Amounts paid during the year	3 834 288	5 249 460
Amounts (payable to)/claimable from SARS	(2 361 745)	(353 056)
<b>Outstanding Balance</b>	<b>(680 145)</b>	<b>(1 098 711)</b>
<b>Vat in suspense due to cash basis of accounting</b>	<b>52 162</b>	<b>(1 563 139)</b>

VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.



# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>47</b>		
<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)</b>		
<b>47.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]</b>		
Payments due to SARS	17 811 030	17 005 132
Payments	(17 811 030)	(17 005 132)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>
<b>47.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]</b>		
Payments due to pension fund and medical aid	25 711 516	24 994 170
Payments	(25 711 516)	(24 994 170)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>
<b>47.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]</b>		
No Councillor had any arrear account outstanding for more than 90 days during the year or at year end (Same applies to previous financial year).		
<b>47.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM</b>		
Approved deviations from Supply Chain Management Regulations were identified on the following financial categories:		
Between R 0 and R 2 000	-	-
Between R 2 000 and R 10 000	18 536	38 561
Between R 10 000 and R 30 000	27 456	31 101
Between R 30 000 and R 200 000	438 635	674 862
Above R 200 000	785 000	529 116
<b>Total</b>	<b>1 269 626</b>	<b>1 273 639</b>
Deviations by Nature:		
Sole Supplier	31 573	21 710
Emergency	104 612	123 777
Exceptional Case	1 133 442	1 128 152
<b>Total</b>	<b>1 269 626</b>	<b>1 273 639</b>

# OVERBERG DISTRICT MUNICIPALITY

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

47	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)	2021 R	2020 R
<b>47.8 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE</b>			
During the period under review, the municipality did not engaged with employees in service of the state (SCM 44).			
During the year under review, the municipality engaged with the following entities where family members of suppliers are in service of the state (SCM 45):			
	Brima Logistics	106 367	-
	Premium Computers	-	86 420
	Water Solutions Southern Africa (Pty) Ltd	38 245	130 383
	Metsy Motors	432 469	364 340
	Piston Power	513 766	455 488
	NCC Environmental Services (Pty) Ltd	74 555	-
	Dynachem	-	5 658
	JPCE (Pty) Ltd	785 000	-
	Sydney Amanzi Management Solutions	5 150	-
	<b>Total</b>	<b>1 955 552</b>	<b>1 042 289</b>

Further disclosure relating to the suppliers above:

Supplier	Full name of family member and relationship	Organ of State	Capacity of family member
Brima Logistics (Tshepo Mokholo)	Matsietsi Mokholo (Spouse)	The Presidency	Deputy Director General Corporate Management
Premium Computers (Candice Eksteen)	Nico Eksteen (Parent)	Denel	IT Technician
Water Solutions Southern Africa (Pty) Ltd (Mr Charles Zwane)	Mrs. Thembi Zwane (Spouse)	Ekurhuleni Metro Municipality	Administration Officer Solid Waste Department
Metsy Motors CC (Donovan Jones)	Gary Jones (Child) and Judy Jones (Child)	Department of Agriculture and Department of Education respectively	Technologist and Educator respectively
Piston Power (Ujesh Andhee)	Nadira Andhee (Spouse)	Department of Education	Educator
NCC Environmental Services (Pty) Ltd (Linden Rhoda)	Chandre Rhoda (Spouse)	City of Cape Town	Head of Invasive Species - Westlake Biodiversity Centre
Dynachem (Lourenda Lourens)	Surika Brink (Child)	Department of Education	Educator
JPCE (Pty) Ltd (Jorina Minnie)	Johan Minnie (Spouse)	City of Cape Town	Head: Operations Centre and Systems Integration
Sydney Amanzi Management Solutions (Sydney Armoed)	Enslin Armoed (Child)	Knysna Municipality	Supervisor: Water Department

# OVERBERG DISTRICT MUNICIPALITY

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

	2021 R	2020 R
<b>48 CAPITAL COMMITMENTS</b>		
<b>Commitments in respect of Capital Expenditure:</b>	<b>668 458</b>	<b>3 371 213</b>
Approved and contracted for:		
Fire Training Centre Bredasdorp	-	2 133 182
Two Way Radio Network	668 458	959 031
Modular Pod Container	-	85 000
Upgrading of Ablution Facilities (Die Dam Resort)	-	194 000
<b>Total</b>	<b>668 458</b>	<b>3 371 213</b>
This expenditure will be financed from:		
Internally Generated Funds	-	1 639 772
Provincial Grant Funding	668 458	1 731 441
<b>Total</b>	<b>668 458</b>	<b>3 371 213</b>

All commitments are disclosed inclusive of VAT.

### 49 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

#### 49.1 Credit Risk

The following financial assets are exposed to credit risk:

	2021 R	2020 R
Cash and Cash Equivalents	56 075 529	36 646 958
Receivables from exchange transactions	8 692 433	14 536 861
Receivables from non-exchange transactions	515 734	508 264
<b>Total</b>	<b>65 283 697</b>	<b>51 692 083</b>

There were no changes in the in the approach how credit risk is managed during the period under review.

#### Cash and Cash Equivalents

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 49 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Credit risk is further managed and guided by the Cash Management and Investment Policy.

#### Receivables from Exchange and Non-Exchange Transactions

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

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

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

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

No impairment charge is raised against current receivables which are not considered to be past due. The credit risk relating to these receivables are considered low. This is due to the fact that the outstanding balance mainly relates to outstanding monies from local municipalities in the municipal area.

There are no individual material debtors that are assessed individually for impairment

Also refer to note 3 and 4 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted. No debt was renegotiated during the period under review.

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

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

	2021 R	2020 R
Electricity	1 920	220
Water	4 334	1 538
Housing rental	16 193	19 108
Sundry Debtors	1 245 913	5 431 370
Legal Fees	13 202	5 496
<b>Total</b>	<b>1 281 563</b>	<b>5 457 732</b>

# OVERBERG DISTRICT MUNICIPALITY

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

49	<b>FINANCIAL RISK MANAGEMENT (CONTINUED)</b>	2021 R	2020 R
	These receivables can be aged as follows:		
	1 Month Past due	331 736	2 767 757
	2 Months Past due	164 357	155 527
	3 Months Past due	296 629	96 542
	> 3 Months Past due	488 841	2 437 905
	<b>Total</b>	<b>1 281 562</b>	<b>5 457 732</b>

The carrying value of the Department of Transport and Public Works included in note 3 represents the balance that is past due, but have not been impaired.

### 49.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The financial instruments of the municipality is not directly exposed to any currency risk.

### 49.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (Excluding Cash on Hand)	56 073 729	36 639 558
Long-term Liabilities (Including Current Portion)	(22 211 463)	(25 160 916)
<b>Net balance exposed</b>	<b>33 862 266</b>	<b>11 478 642</b>

Potential effect (which is based on managements assessment of the potential interest rate spread during the next financial year based on current market conditions) of changes in interest rates on surplus and deficit for the year:

0.5% (2020 - 0.5%) increase in interest rates	169 311	57 393
0.5% (2020 - 0.5%) decrease in interest rates	(169 311)	(57 393)

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

# OVERBERG DISTRICT MUNICIPALITY

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

### 49 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 49.4 Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

The following balances are exposed to liquidity risk:

<b>30 JUNE 2021</b>	<b>PAYABLE</b>		
	<b>Within 1 Year</b>	<b>Two to five years</b>	<b>After five years</b>
Annuity Loans	5 611 160	22 444 642	1 402 790
Payables from exchange transactions	18 435 840	-	-
<b>Total</b>	<b>24 047 001</b>	<b>22 444 642</b>	<b>1 402 790</b>

  

<b>30 JUNE 2020</b>	<b>PAYABLE</b>		
	<b>Within 1 Year</b>	<b>Two to five years</b>	<b>After five years</b>
Annuity Loans	5 611 160	22 444 642	7 013 951
Payables from exchange transactions	9 188 347	-	-
<b>Total</b>	<b>14 799 507</b>	<b>22 444 642</b>	<b>7 013 951</b>

The liquidity risk is further managed and guided by the Liquidity Policy.

There were no changes to the exposure to liquidity risk and how the risk is managed during the period under review.

#### 49.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The municipality is not exposed to any other price risk.

# OVERBERG DISTRICT MUNICIPALITY

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

	2021	2020
	R	R
<b>50 FINANCIAL INSTRUMENTS</b>		
The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)		
<u>Financial Assets</u>		
Cash and Cash Equivalents	56 075 529	36 646 958
Receivables from exchange transactions	8 692 433	14 536 861
Receivables from non-exchange transactions	515 734	508 264
<b>Total</b>	<b>65 283 697</b>	<b>51 692 083</b>
<u>Financial Liabilities</u>		
Current Portion of Long-term Liabilities	3 295 836	2 949 453
Payables from exchange transactions	18 435 840	9 188 347
Long-term Liabilities	18 915 627	22 211 463
<b>Total</b>	<b>40 647 303</b>	<b>34 349 263</b>

### 51 STATUTORY RECEIVABLES

There are no statutory receivables to disclose in terms of GRAP 108.

### 52 EVENTS AFTER REPORTING DATE

The national state of disaster has been extended until 15 September 2021. Refer to note 58 where the financial impact of the COVID-19 pandemic on the Municipality is disclosed. Other than the COVID-19 pandemic, the Municipality had no other significant events after reporting date.

### 53 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following services in kind:

The Municipality is providing a project service to Community Development Workers in the Swellendam Municipal area. The project leads deployed in the district are remunerated by the Western Cape Provincial Administration (2020/2021 only).

The National Department of Environmental Affairs is providing the Municipality with the Working of Fire Team, a helicopter for fire fighting and the Working for the Coast team for the clearing of Alien vegetation.

The Municipality is operating resorts (Uilenkraalsmond and Dennehof) on land owned by the National Department of Public Works.

SANTAM Ltd provided veldfire training in the Overberg district at no cost to the municipality as Local Government Support Programme.

None of the abovementioned is considered significant to the operations of the Municipality

# OVERBERG DISTRICT MUNICIPALITY

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

### 54 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

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

### 55 CONTINGENT LIABILITIES

The municipality were exposed to the following contingent liabilities at year end:

**55.1** On 22 October 2014 a settlement agreement between the municipality and IMATU that the target date for implementation of job descriptions and review of organisational structures would be 1 April 2015. In the event of delays the final date for implementation would be 1 May 2015. The settlement agreement was only partially implemented due to certain cases being disputed. On arbitration, an award was made by the SALGBC in favour of the concerned parties. The municipality obtained legal advice and the arbitration award was taken on review in the Labour Court. All the Court papers have been finalised and to date for the hearing was set for 29 November 2021 to review the application in the Labour Court. Management is confident that the adverse award will be overturned.

**55.2** The municipality claimed input VAT on expenditure relating to the Roads Maintenance function performed in terms of its agreement with the Provincial Roads Department up to 30 June 2019. This treatment is based on guidance received after the roads agreement was investigated by a VAT consultant and the VAT payments was checked by SARS. The treatment was not in line with the treatment at other District Municipalities in the Western Cape. Subsequently, the Auditor-General has found that the municipality incorrectly claimed the VAT inputs on expenses incurred in performing the road maintenance services, as the municipality is deemed to be an agent for VAT purposes. The Municipality is in process of engaging with SARS to obtain a VAT ruling to clarify the treatment of VAT input up to 30 June 2019 (and going forward from 1 July 2019). This raises the possibility to repay input VAT to SARS in this regard, along with possible interest and penalties. Amounts claimed up to 30 June 2019 amounts to R 28 726 168. Engagements with SARS were not yet finalised on submission date of the financial statements. Furthermore, the municipality did not claim any input VAT on similar transactions in anticipation of the outstanding SARS ruling to clarify the matter.

### 56 RELATED PARTIES

Related parties are defined in note 1.35

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

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

Remuneration of Key Personel and Councillors are disclosed in notes 29 and 30

No purchases were made during the year where Councillors, Management or Employees have an interest.

### 57 B-BBEE PERFORMANCE

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



# OVERBERG DISTRICT MUNICIPALITY

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

### 58 IMPACT OF COVID-19 ON FINANCIAL SUSTAINABILITY

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

Due to the fact that the majority of the municipal revenue is derived from grants and services to other organs of state (provincial roads department and local municipalities), the potential negative effect on the major operations, financial sustainability indicators and cashflows are not yet visible on reporting date.

Since the start of the pandemic, apart from the additional expenditure requirements, the impact was also felt on reducing revenues and collections and the 2020/21 Budget had to be adjusted accordingly. The Municipality financial impact of the COVID-19 pandemic amounted to R 1 726 546 for the 2020/21 financial year, which was funded from the R2.912 million additional portion of equitable share that was allocated to the municipality. Application will be made to National Treasury to roll over the unspent balance of R 1 185 454 to fund Covid-19 related activities in the 2021/22 financial year.

During 2019/20, the municipality incurred costs amounting to R 483 208 in the fight against the COVID-19 pandemic of which R257 308 was grant funded. The remaining expenditure was funded by the Municipality.

### 59 NON-LIVING RESOURCES

Management identified the following non-living resources (other than land):

- None

### 60 SEGMENT REPORTING

#### 60.1 General information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The Municipality has 26 departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

# OVERBERG DISTRICT MUNICIPALITY

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

### 60 SEGMENT REPORTING (CONTINUED)

No	Reportable Segment	Goods and/or services delivered
1	Executive and Council	Provide overall governance and oversight to the municipality as a whole.
2	Finance and administration	Supply administrative and related support to all segments
3	Internal audit	Independent segment to strengthen the governance of the municipality
4	Sport and recreation	Maintenance and operation of holiday resorts, LED and Tourism.
5	Public safety	Firefighting and emergency services
6	Health	Municipal Health services
7	Planning and development	Corporate wide Strategic planning
8	Road transport	Maintenance of provincial roads
9	Environmental protection	Environmental services
10	Waste management	Refuse Dumping Services (Karwyderskraal)

#### 60.2 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

#### 60.3 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas, the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

#### 60.4 Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed as follows:

## OVERBERG DISTRICT MUNICIPALITY

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

#### 60 SEGMENT REPORTING (CONTINUED)

30 JUNE 2021	Executive and Council R	Finance and administration R	Internal audit R	Sport and recreation R	Public safety R	Health R	Planning and development R	Road transport R	Environmental protection R	Waste management R	Total R
<b>REVENUE</b>											
<b>External Revenue from Non-Exchange Transactions</b>	-	83 499 423	-	1 188 000	663 375	209 714	-	148 270	-	-	85 708 781
Government Grants and Subsidies - Capital	-	2 885 633	-	-	-	-	-	-	-	-	2 885 633
Government Grants and Subsidies - Operating	-	80 089 325	-	1 188 000	-	209 714	-	-	-	-	81 487 038
Contributed Assets	-	4 083	-	-	663 375	-	-	-	-	-	667 458
Actuarial Gains	-	520 382	-	-	-	-	-	148 270	-	-	668 652
<b>External Revenue from Exchange Transactions</b>	<b>11 343 148</b>	<b>3 015 646</b>	<b>-</b>	<b>14 578 846</b>	<b>4 037 646</b>	<b>229 888</b>	<b>-</b>	<b>124 450 660</b>	<b>-</b>	<b>11 851 346</b>	<b>169 507 179</b>
Roads Maintenance Services	-	-	-	-	-	-	-	124 440 834	-	-	124 440 834
Service Charges	-	-	-	286 188	-	-	-	-	-	11 843 846	12 130 034
Rental of Facilities and Equipment	-	28 938	-	14 267 844	-	-	-	6 733	-	7 500	14 311 015
Interest Earned - external investments	-	2 287 417	-	-	-	-	-	-	-	-	2 287 417
Licences and Permits	-	-	-	-	-	229 888	-	-	-	-	229 888
Agency Services	11 343 148	-	-	-	-	-	-	-	-	-	11 343 148
Insurance Receipts	-	302 129	-	-	-	-	-	-	-	-	302 129
Other Income	-	397 162	-	24 814	4 037 646	-	-	3 092	-	-	4 462 714
<b>TOTAL REVENUE</b>	<b>11 343 148</b>	<b>86 515 069</b>	<b>-</b>	<b>15 766 846</b>	<b>4 701 021</b>	<b>439 601</b>	<b>-</b>	<b>124 598 930</b>	<b>-</b>	<b>11 851 346</b>	<b>255 215 961</b>
<b>EXPENDITURE</b>	<b>9 938 675</b>	<b>36 680 698</b>	<b>1 437 764</b>	<b>16 233 379</b>	<b>32 598 628</b>	<b>14 503 166</b>	<b>1 323 249</b>	<b>124 660 925</b>	<b>2 200 094</b>	<b>9 000 934</b>	<b>248 577 511</b>
Employee related costs	2 327 777	18 584 838	1 402 331	5 924 904	22 402 221	12 839 025	1 264 039	46 220 202	1 905 221	-	112 870 559
Remuneration of Councillors	5 969 959	-	-	-	-	-	-	-	-	-	5 969 959
Debt Impairment	-	-	-	67 400	-	-	-	-	-	-	67 400
Depreciation and Amortisation	32 246	332 226	6 047	605 673	1 162 091	109 924	8 462	61 995	29 151	750 439	3 098 255
Impairment	-	-	-	416 848	313 006	-	-	-	-	-	729 854
Actuarial losses	-	3 185 778	-	-	-	-	-	2 915 635	-	-	6 101 413
Finance Charges	-	3 354 000	-	-	-	-	-	2 368 000	-	2 921 749	8 643 749
Bulk Purchases	-	-	-	765 947	-	-	-	-	-	-	765 947
Contracted services	517 687	1 668 330	-	2 339 503	5 147 363	502 558	3 520	1 051 710	54 053	4 836 097	16 120 821
Transfers and Grants	-	680 000	-	-	-	-	-	-	-	-	680 000
Other Expenditure	1 091 006	8 574 617	29 386	6 113 104	3 573 946	1 051 658	47 228	72 043 383	211 669	492 648	93 228 646
Loss on disposal of Assets	-	300 909	-	-	-	-	-	-	-	-	300 909
<b>TOTAL EXPENDITURE</b>	<b>9 938 675</b>	<b>36 680 698</b>	<b>1 437 764</b>	<b>16 233 379</b>	<b>32 598 628</b>	<b>14 503 166</b>	<b>1 323 249</b>	<b>124 660 925</b>	<b>2 200 094</b>	<b>9 000 934</b>	<b>248 577 511</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>1 404 473</b>	<b>49 834 370</b>	<b>(1 437 764)</b>	<b>(466 533)</b>	<b>(27 897 607)</b>	<b>(14 063 565)</b>	<b>(1 323 249)</b>	<b>(61 995)</b>	<b>(2 200 094)</b>	<b>2 850 412</b>	<b>6 638 449</b>
Less: Government Grants and Subsidies - Capital	-	(2 885 633)	-	-	-	-	-	-	-	-	(2 885 633)
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>1 404 473</b>	<b>46 948 737</b>	<b>(1 437 764)</b>	<b>(466 533)</b>	<b>(27 897 607)</b>	<b>(14 063 565)</b>	<b>(1 323 249)</b>	<b>(61 995)</b>	<b>(2 200 094)</b>	<b>2 850 412</b>	<b>3 752 816</b>
<b>CAPITAL EXPENDITURE FOR THE YEAR</b>	<b>45 191</b>	<b>322 764</b>	<b>-</b>	<b>339 734</b>	<b>3 656 849</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 083</b>	<b>667 647</b>	<b>5 036 268</b>

## OVERBERG DISTRICT MUNICIPALITY

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

60 SEGMENT REPORTING (CONTINUED)

30 JUNE 2020	Executive and Council R	Finance and administration R	Internal audit R	Sport and recreation R	Public safety R	Health R	Planning and development R	Road transport R	Environmental protection R	Waste management R	Total R
<b>REVENUE</b>											
<b>External Revenue from Non-Exchange Transactions</b>	<b>257 308</b>	<b>78 327 151</b>	-	<b>1 121 201</b>	-	<b>159 169</b>	-	<b>3 121 910</b>	-	-	<b>82 986 738</b>
Government Grants and Subsidies - Capital	66 349	624 834	-	-	-	-	-	-	-	-	691 183
Government Grants and Subsidies - Operating	190 959	73 580 154	-	1 121 201	-	159 169	-	-	-	-	75 051 482
Actuarial Gains	-	4 122 163	-	-	-	-	-	3 121 910	-	-	7 244 072
<b>External Revenue from Exchange Transactions</b>	<b>10 127 284</b>	<b>2 292 005</b>	-	<b>14 529 847</b>	<b>3 447 077</b>	<b>136 758</b>	-	<b>94 927 626</b>	<b>94 976</b>	<b>12 940 626</b>	<b>138 496 199</b>
Roads Maintenance Services	-	-	-	-	-	-	-	94 628 565	-	-	94 628 565
Service Charges	-	-	-	235 980	-	-	-	-	-	11 467 850	11 703 830
Rental of Facilities and Equipment	-	26 916	-	14 273 871	-	-	-	29 800	-	7 500	14 338 087
Interest Earned - external investments	-	1 898 702	-	-	-	-	-	-	-	-	1 898 702
Licences and Permits	-	-	-	-	-	136 758	-	-	-	-	136 758
Agency Services	10 127 284	-	-	-	-	-	-	-	-	-	10 127 284
Insurance Receipts	-	88 301	-	-	-	-	-	-	-	-	88 301
Other Income	-	278 085	-	19 996	3 447 077	-	-	6 868	94 976	1 465 276	5 312 278
Reversal of Debt Impairment	-	-	-	-	-	-	-	262 393	-	-	262 393
<b>TOTAL REVENUE</b>	<b>10 384 592</b>	<b>80 619 155</b>	-	<b>15 651 048</b>	<b>3 447 077</b>	<b>295 927</b>	-	<b>98 049 535</b>	<b>94 976</b>	<b>12 940 626</b>	<b>221 482 937</b>
<b>EXPENDITURE</b>	<b>10 360 335</b>	<b>33 439 464</b>	<b>1 325 426</b>	<b>16 713 692</b>	<b>29 243 109</b>	<b>14 250 415</b>	<b>1 253 091</b>	<b>97 875 085</b>	<b>2 294 711</b>	<b>8 494 957</b>	<b>215 250 285</b>
Employee related costs	1 993 932	19 079 211	1 289 758	6 692 086	21 371 787	12 766 500	1 186 955	42 795 266	2 090 351	-	109 265 846
Remuneration of Councillors	6 197 440	-	-	-	-	-	-	-	-	-	6 197 440
Debt Impairment	-	144 736	-	-	-	-	-	-	-	-	144 736
Depreciation and Amortisation	34 587	363 508	6 823	649 469	1 318 130	93 369	7 862	87 942	31 550	980 200	3 573 440
Finance Charges	4 184	2 777 987	-	-	-	-	-	2 035 349	-	3 401 380	8 218 900
Bulk Purchases	-	-	-	385 037	-	-	-	-	-	-	385 037
Contracted services	710 144	1 873 534	-	2 584 332	3 569 869	413 656	10 790	3 133 512	37 794	4 055 127	16 388 756
Other Expenditure	1 420 049	8 712 102	28 845	6 402 769	2 983 323	976 890	47 485	49 823 016	135 016	58 251	70 587 745
Stock Adjustments	-	24 281	-	-	-	-	-	-	-	-	24 281
Loss on disposal of Assets	-	464 105	-	-	-	-	-	-	-	-	464 105
<b>TOTAL EXPENDITURE</b>	<b>10 360 335</b>	<b>33 439 464</b>	<b>1 325 426</b>	<b>16 713 692</b>	<b>29 243 109</b>	<b>14 250 415</b>	<b>1 253 091</b>	<b>97 875 085</b>	<b>2 294 711</b>	<b>8 494 957</b>	<b>215 250 285</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>24 257</b>	<b>47 179 692</b>	<b>(1 325 426)</b>	<b>(1 062 644)</b>	<b>(25 796 032)</b>	<b>(13 954 488)</b>	<b>(1 253 091)</b>	<b>174 451</b>	<b>(2 199 735)</b>	<b>4 445 669</b>	<b>6 232 652</b>
Less: Government Grants and Subsidies - Capital	(66 349)	(624 834)	-	-	-	-	-	-	-	-	(691 183)
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(42 092)</b>	<b>46 554 858</b>	<b>(1 325 426)</b>	<b>(1 062 644)</b>	<b>(25 796 032)</b>	<b>(13 954 488)</b>	<b>(1 253 091)</b>	<b>174 451</b>	<b>(2 199 735)</b>	<b>4 445 669</b>	<b>5 541 468</b>
<b>CAPITAL EXPENDITURE FOR THE YEAR</b>	-	419 149	-	119 386	2 416 087	40 378	-	2 816	-	-	<b>2 997 817</b>

# OVERBERG DISTRICT MUNICIPALITY

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

### 61 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
<b>Financial Performance</b>						
Service charges	12 417 765	(211 765)	12 206 000	12 130 034	(75 966)	11 703 830
Investment revenue	1 800 000	-	1 800 000	2 287 417	487 417	1 898 702
Government Grants and Subsidies - Operating	80 883 000	120 886 830	201 769 830	205 927 872	4 158 042	169 680 047
Other own revenue	141 991 452	(102 710 246)	39 281 206	31 317 546	(7 963 660)	37 509 174
<b>Total Operating Revenue</b>	<b>237 092 217</b>	<b>17 964 819</b>	<b>255 057 036</b>	<b>251 662 870</b>	<b>(3 394 166)</b>	<b>220 791 753</b>
Employee costs	124 756 156	(3 947 773)	120 808 383	117 488 069	(3 320 314)	113 074 967
Remuneration of councillors	6 341 182	-	6 341 182	5 969 959	(371 223)	6 197 440
Debt impairment	400 000	(208 748)	191 252	67 400	(123 852)	144 736
Depreciation & asset impairment	3 575 545	-	3 575 545	3 828 109	252 564	3 573 440
Finance charges	11 037 881	(7 509 132)	3 528 749	3 447 749	(81 000)	3 859 606
Bulk Purchases	-	-	-	765 947	765 947	385 037
Transfers and grants	401 000	279 000	680 000	680 000	-	-
Other expenditure and materials	93 346 468	26 582 773	119 929 241	116 330 279	(3 598 962)	88 015 060
<b>Total Expenditure</b>	<b>239 858 232</b>	<b>15 196 120</b>	<b>255 054 352</b>	<b>248 577 511</b>	<b>(6 476 841)</b>	<b>215 250 285</b>
<b>Surplus/(Deficit)</b>	<b>(2 766 015)</b>	<b>2 768 699</b>	<b>2 684</b>	<b>3 085 358</b>	<b>3 082 674</b>	<b>5 541 468</b>
Government Grants and Subsidies - Capital	2 100 000	1 599 573	3 699 573	2 885 633	(813 940)	691 183
Contributed Assets	-	5 000	5 000	667 458	662 458	-
<b>Surplus/(Deficit) for the year</b>	<b>(666 015)</b>	<b>4 373 272</b>	<b>3 707 257</b>	<b>6 638 449</b>	<b>2 931 192</b>	<b>6 232 652</b>

# OVERBERG DISTRICT MUNICIPALITY

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

### 61 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	<b>8 465 000</b>	<b>(3 721 427)</b>	<b>4 743 573</b>	<b>5 036 268</b>	<b>292 695</b>	<b>2 997 817</b>
Transfers recognised - capital	2 100 000	1 599 573	3 699 573	2 885 633	(813 940)	691 183
Borrowing	4 900 000	(4 900 000)	-	-	-	-
Contributed Assets	-	5 000	5 000	667 458	662 458	-
Internally generated funds	1 465 000	(426 000)	1 039 000	1 483 177	444 177	2 306 633
<b>Total sources of capital funds</b>	<b>8 465 000</b>	<b>(3 721 427)</b>	<b>4 743 573</b>	<b>5 036 268</b>	<b>292 695</b>	<b>2 997 817</b>
<b>Cash flows</b>						
Net cash from (used) operating	(47 583)	2 974 824	2 927 241	26 079 187	23 151 946	4 115 087
Net cash from (used) investing	954 772	3 726 427	4 681 199	(3 701 163)	(8 382 362)	(2 997 817)
Net cash from (used) financing	(2 949 453)	-	(2 949 453)	(2 949 453)	-	(2 918 289)
Net Cash Movement for the year	<b>(2 042 264)</b>	<b>6 701 251</b>	<b>4 658 987</b>	<b>19 428 571</b>	<b>14 769 584</b>	<b>(1 801 018)</b>
Cash/cash equivalents at beginning of year	35 362 346	3 085 629	38 447 976	36 646 958	(1 801 017)	38 447 976
<b>Cash/cash equivalents at the year end</b>	<b>33 320 082</b>	<b>9 786 881</b>	<b>43 106 963</b>	<b>56 075 529</b>	<b>12 968 567</b>	<b>36 646 958</b>

Refer to Appendix E for more detail relating to the National Treasury Appropriation Statements

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2021

INSTITUTION	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2020 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2021 R
<b><u>ANNUITY LOANS</u></b>						
STANDARD BANK (KARWYDERSKRAAL)	11.17%	2026/09/30	25 160 916	-	(2 949 453)	22 211 463
<b>Total Annuity Loans</b>			<b>25 160 916</b>	<b>-</b>	<b>(2 949 453)</b>	<b>22 211 463</b>
<b>Total Long-Term Liabilities</b>			<b>25 160 916</b>	<b>-</b>	<b>(2 949 453)</b>	<b>22 211 463</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX B (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES AND GFS CLASSIFICATION) FOR THE YEAR ENDING 30 JUNE 2021

MUNICIPAL VOTES	30 JUNE 2021			30 JUNE 2020		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R	R	R	R	R	R
Municipal Manager	11 540 414	(13 944 952)	(2 404 539)	10 533 457	(14 090 861)	(3 557 404)
Corporate Services	33 582	(10 829 138)	(10 795 557)	48 310	(11 000 745)	(10 952 435)
Finance	86 284 221	(23 278 417)	63 005 804	80 421 981	(20 124 388)	60 297 592
Community Services	157 357 744	(200 525 003)	(43 167 259)	130 479 189	(170 034 291)	(39 555 102)
<b>Total</b>	<b>255 215 961</b>	<b>(248 577 511)</b>	<b>6 638 449</b>	<b>221 482 937</b>	<b>(215 250 285)</b>	<b>6 232 652</b>

  

GFS CLASSIFICATION	30 JUNE 2021			30 JUNE 2020		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R	R	R	R	R	R
Executive and Council	11 343 148	(9 938 675)	1 404 473	10 384 592	(10 360 335)	24 257
Internal audit	-	(1 437 764)	(1 437 764)	-	(1 325 426)	(1 325 426)
Finance and administration	86 515 069	(36 680 698)	49 834 370	80 619 155	(33 439 464)	47 179 692
Planning and Development	-	(1 323 249)	(1 323 249)	-	(1 253 091)	(1 253 091)
Public Safety	4 701 021	(32 598 628)	(27 897 607)	3 447 077	(29 243 109)	(25 796 032)
Environmental Protection	-	(2 200 094)	(2 200 094)	94 976	(2 294 711)	(2 199 735)
Waste Management	11 851 346	(9 000 934)	2 850 412	12 940 626	(8 494 957)	4 445 669
Sport and Recreation	15 766 846	(16 233 379)	(466 533)	15 651 048	(16 713 692)	(1 062 644)
Health	439 601	(14 503 166)	(14 063 565)	295 927	(14 250 415)	(13 954 488)
Road Transport	124 598 930	(124 660 925)	(61 995)	98 049 535	(97 875 085)	174 451
<b>Total</b>	<b>255 215 961</b>	<b>(248 577 511)</b>	<b>6 638 449</b>	<b>221 482 937</b>	<b>(215 250 285)</b>	<b>6 232 652</b>



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX C (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL DEPARTMENT) FOR THE YEAR ENDING 30 JUNE 2021

MUNICIPAL DEPARTMENTS	30 JUNE 2021			30 JUNE 2020		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Committee, Records & Councillor Support	-	(2 795 993)	(2 795 993)	-	(2 774 986)	(2 774 986)
Community Services Support	-	(218 498)	(218 498)	-	(4 215)	(4 215)
Comprehensive Health	209 714	(190 914)	18 800	159 169	(195 050)	(35 882)
Corporate Support	33 582	(1 575 915)	(1 542 333)	48 310	(1 662 990)	(1 614 680)
Council Expenditure	11 343 148	(7 580 789)	3 762 359	10 384 592	(7 850 340)	2 534 252
Emergency Services	4 701 021	(32 598 628)	(27 897 607)	3 447 077	(29 243 109)	(25 796 032)
Environmental Management	-	(2 200 094)	(2 200 094)	94 976	(2 294 711)	(2 199 735)
Executive (Community Services)	-	(1 109 380)	(1 109 380)	-	(1 158 108)	(1 158 108)
Executive (Corporate Services)	-	(1 085 772)	(1 085 772)	-	(784 039)	(784 039)
Executive (Finance)	-	(1 048 663)	(1 048 663)	-	(1 077 948)	(1 077 948)
Executive (Municipal Manager)	-	(2 045 113)	(2 045 113)	-	(2 171 000)	(2 171 000)
Executive Support	-	(312 772)	(312 772)	-	(338 995)	(338 995)
Expenditure	31 185	(2 754 029)	(2 722 843)	27 611	(2 483 940)	(2 456 329)
Financial Services	86 217 980	(15 926 592)	70 291 388	80 368 525	(12 961 977)	67 406 548
Financial Support	-	(286 111)	(286 111)	-	(187 655)	(187 655)
Human Resources	-	(2 297 663)	(2 297 663)	-	(2 215 821)	(2 215 821)
IDP & Communication	-	(1 323 249)	(1 323 249)	-	(1 253 091)	(1 253 091)
Information Services	-	(3 073 795)	(3 073 795)	-	(3 562 909)	(3 562 909)
Internal Audit	-	(1 437 764)	(1 437 764)	-	(1 325 426)	(1 325 426)

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX C (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL DEPARTMENT) FOR THE YEAR ENDING 30 JUNE 2021

Led, Tourism, Resorts & EPWP	15 766 846	(16 233 379)	(466 533)	15 651 048	(16 713 692)	(1 062 644)
Municipal Health	229 888	(14 312 252)	(14 082 364)	136 758	(14 055 365)	(13 918 606)
Performance & Risk Management	197 266	(1 245 265)	(1 047 999)	148 864	(1 152 008)	(1 003 143)
Revenue	35 056	(1 181 214)	(1 146 158)	25 845	(1 465 764)	(1 439 919)
Solid Waste	11 851 346	(9 000 934)	2 850 412	12 940 626	(8 494 957)	4 445 669
Supply Chain Management	-	(2 081 809)	(2 081 809)	-	(1 947 104)	(1 947 104)
Roads Function	124 598 930	(124 660 925)	(61 995)	98 049 535	(97 875 085)	174 451
<b>Total</b>	<b>255 215 961</b>	<b>(248 577 511)</b>	<b>6 638 449</b>	<b>221 482 937</b>	<b>(215 250 285)</b>	<b>6 232 652</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX D (UNAUDITED)

### DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2021

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	GRANTS RETURNED TO NT/PT	CLOSING BALANCE
	R	R	R	R	R	R
<b>NATIONAL GOVERNMENT</b>						
Equitable Share	-	74 636 000	(74 636 000)	-	-	-
Equitable Share - Disaster Relief (COVID 19)	-	2 912 000	(1 726 546)	-	-	1 185 454
Financial Management Grant (FMG)	-	1 000 000	(1 000 000)	-	-	-
Expanded Public Works Program (EPWP)	121 799	1 188 000	(1 188 000)	-	(121 799)	-
Rural Roads Asset Management System	2 807 000	2 670 000	(14 026)	-	(2 807 000)	2 655 974
<b>Total</b>	<b>2 928 799</b>	<b>82 406 000</b>	<b>(78 564 572)</b>	<b>-</b>	<b>(2 928 799)</b>	<b>3 841 428</b>
<b>PROVINCIAL GOVERNMENT AND OTHER</b>						
mSCOA Support Grant	91 416	-	-	-	(91 416)	-
Anti-Fraud	229 110	-	-	-	(229 110)	-
SETA Training Fund	298 875	168 031	(86 875)	-	-	380 031
Health Subsidy	-	209 714	(209 714)	-	-	-
CDW Operational Support Grant	112 000	56 000	(84 428)	-	-	83 572
Local Government Graduate Internship Grant	92 702	-	(66 601)	-	(26 101)	-
Human Capacity Building Grant	500 000	300 000	(680 000)	-	(120 000)	-
Fire Safety Plan	1 578 375	2 100 000	(1 044 955)	(1 272 086)	-	1 361 334
Municipal Finance Improvement Program - Resorts	650 000	-	(650 000)	-	-	-
Municipal Service Delivery and Capacity Building Grant - Fire	981 441	732 000	(99 894)	(1 613 547)	-	-
LG Support Grant - Human Relief	21 692	-	-	-	(21 692)	-
<b>Total</b>	<b>4 555 611</b>	<b>3 565 745</b>	<b>(2 922 466)</b>	<b>(2 885 633)</b>	<b>(488 319)</b>	<b>1 824 937</b>
<b>ALL SPHERES GOVERNMENT</b>	<b>7 484 410</b>	<b>85 971 745</b>	<b>(81 487 038)</b>	<b>(2 885 633)</b>	<b>(3 417 118)</b>	<b>5 666 365</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATE D OUTCOME 2020 R
<b>REVENUE</b>						
<b>Governance and administration</b>	<b>104 341 302</b>	<b>7 178 620</b>	<b>111 519 922</b>	<b>97 858 216</b>	<b>(13 661 706)</b>	<b>91 003 747</b>
Executive and Council	19 980 797	549 204	20 530 001	11 343 148	(9 186 853)	10 384 592
Finance and administration	84 360 505	6 629 416	90 989 921	86 515 069	(4 474 852)	80 619 155
<b>Community and public safety</b>	<b>21 426 094</b>	<b>(2 306 394)</b>	<b>19 119 700</b>	<b>20 907 468</b>	<b>1 787 768</b>	<b>19 394 052</b>
Sport and recreation	16 791 094	(2 306 394)	14 484 700	15 766 846	1 282 146	15 651 048
Public safety	4 135 000	-	4 135 000	4 701 021	566 021	3 447 077
Health	500 000	-	500 000	439 601	(60 399)	295 927
<b>Economic and environmental services</b>	<b>101 409 821</b>	<b>14 697 166</b>	<b>116 106 987</b>	<b>124 598 930</b>	<b>8 491 943</b>	<b>98 144 511</b>
Road transport	101 209 821	14 697 166	115 906 987	124 598 930	8 691 943	98 049 535
Environmental protection	200 000	-	200 000	-	(200 000)	94 976
<b>Trading services</b>	<b>12 015 000</b>	<b>-</b>	<b>12 015 000</b>	<b>11 851 346</b>	<b>(163 654)</b>	<b>12 940 626</b>
Waste management	12 015 000	-	12 015 000	11 851 346	(163 654)	12 940 626
<b>Total Revenue - Standard</b>	<b>239 192 217</b>	<b>19 569 392</b>	<b>258 761 609</b>	<b>255 215 961</b>	<b>(3 545 648)</b>	<b>221 482 937</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
<b>EXPENDITURE</b>						
<b>Governance and administration</b>	<b>57 877 993</b>	<b>441 641</b>	<b>58 319 634</b>	<b>48 057 137</b>	<b>(10 262 497)</b>	<b>45 125 225</b>
Executive and Council	11 325 849	(133 202)	11 192 647	9 938 675	(1 253 972)	10 360 335
Finance and administration	44 647 010	574 843	45 221 853	36 680 698	(8 541 155)	33 439 464
Internal audit	1 905 134	-	1 905 134	1 437 764	(467 370)	1 325 426
<b>Community and public safety</b>	<b>65 110 541</b>	<b>2 633 495</b>	<b>67 744 036</b>	<b>63 335 173</b>	<b>(4 408 863)</b>	<b>60 207 216</b>
Community and social services	-	-	-	-	-	-
Sport and recreation	16 810 353	441 252	17 251 605	16 233 379	(1 018 226)	16 713 692
Public safety	30 940 005	2 192 243	33 132 248	32 598 628	(533 620)	29 243 109
Health	17 360 183	-	17 360 183	14 503 166	(2 857 017)	14 250 415
<b>Economic and environmental services</b>	<b>104 926 219</b>	<b>15 090 368</b>	<b>120 016 587</b>	<b>128 184 267</b>	<b>8 167 680</b>	<b>101 422 887</b>
Planning and development	1 403 768	-	1 403 768	1 323 249	(80 519)	1 253 091
Road transport	100 851 619	15 055 368	115 906 987	124 660 925	8 753 938	97 875 085
Environmental protection	2 670 832	35 000	2 705 832	2 200 094	(505 738)	2 294 711
<b>Trading services</b>	<b>11 943 479</b>	<b>(2 969 384)</b>	<b>8 974 095</b>	<b>9 000 934</b>	<b>26 839</b>	<b>8 494 957</b>
Waste management	11 943 479	(2 969 384)	8 974 095	9 000 934	26 839	8 494 957
<b>Total Expenditure - Standard</b>	<b>239 858 232</b>	<b>15 196 120</b>	<b>255 054 352</b>	<b>248 577 511</b>	<b>(6 476 841)</b>	<b>215 250 285</b>
<b>Surplus/(Deficit) for the year</b>	<b>(666 015)</b>	<b>4 373 272</b>	<b>3 707 257</b>	<b>6 638 449</b>	<b>2 931 192</b>	<b>6 232 652</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (2) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATE D OUTCOME 2020 R
<b>REVENUE</b>						
Municipal Manager	20 748 272	549 204	21 297 476	11 540 414	(9 757 062)	10 533 457
Corporate Services	63 530	-	63 530	33 582	(29 948)	48 310
Finance	83 529 500	6 629 416	90 158 916	86 284 221	(3 874 695)	80 421 981
Community Services	134 850 915	12 390 772	147 241 687	157 357 744	10 116 057	130 479 189
<b>Total Revenue by Vote</b>	<b>239 192 217</b>	<b>19 569 392</b>	<b>258 761 609</b>	<b>255 215 961</b>	<b>(3 545 648)</b>	<b>221 482 937</b>
<b>EXPENDITURE</b>						
Municipal Manager	16 649 754	(43 202)	16 606 552	13 944 952	(2 661 600)	14 090 861
Corporate Services	14 357 489	66 600	14 424 089	10 829 138	(3 594 951)	11 000 745
Finance	26 688 699	418 743	27 107 442	23 278 417	(3 829 025)	20 124 388
Community Services	182 162 290	14 753 979	196 916 269	200 525 003	3 608 734	170 034 291
<b>Total Expenditure by Vote</b>	<b>239 858 232</b>	<b>15 196 120</b>	<b>255 054 352</b>	<b>248 577 511</b>	<b>(6 476 841)</b>	<b>215 250 285</b>
<b>Surplus/(Deficit) for the year</b>	<b>(666 015)</b>	<b>4 373 272</b>	<b>3 707 257</b>	<b>6 638 449</b>	<b>2 931 192</b>	<b>6 232 652</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATE D OUTCOME 2020 R
<b>REVENUE BY SOURCE</b>						
Service charges	12 417 765	(211 765)	12 206 000	12 130 034	(75 966)	11 703 830
Rental of facilities and equipment	11 918 530	(1 080 000)	10 838 530	11 855 873	1 017 343	10 747 493
Interest earned - external investments	1 800 000	-	1 800 000	2 287 417	487 417	1 898 702
Interest earned - outstanding debtors	162 700	(18 500)	144 200	-	(144 200)	-
Licences and permits	300 000	-	300 000	229 888	(70 112)	136 758
Agency services	10 561 025	549 204	11 110 229	11 343 148	232 919	10 127 284
Government Grants and Subsidies - Operating	80 883 000	120 886 830	201 769 830	205 927 872	4 158 042	169 680 047
Other revenue	109 629 425	(102 160 950)	7 468 475	7 888 637	420 162	16 497 639
Gains	9 419 772	-	9 419 772	-	(9 419 772)	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>237 092 217</b>	<b>17 964 819</b>	<b>255 057 036</b>	<b>251 662 870</b>	<b>(3 394 166)</b>	<b>220 791 753</b>

In line with the current year treatment of the road maintenance revenue, the prior year revenue were also reclassified from Other Revenue to Government Grants and Subsidies - Operating (R 94 628 565). This is in line with how the revenue is reported on to National Treasury.

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
<b>EXPENDITURE BY TYPE</b>						
Employee related costs	124 756 156	(3 947 773)	120 808 383	117 488 069	(3 320 314)	113 074 967
Remuneration of councillors	6 341 182	-	6 341 182	5 969 959	(371 223)	6 197 440
Debt impairment	400 000	(208 748)	191 252	67 400	(123 852)	144 736
Depreciation & asset impairment	3 575 545	-	3 575 545	3 828 109	252 564	3 573 440
Finance charges	11 037 881	(7 509 132)	3 528 749	3 447 749	(81 000)	3 859 606
Bulk Purchases	-	-	-	765 947	765 947	385 037
Contracted services	19 478 830	2 818 556	22 297 386	16 120 821	(6 176 565)	16 388 756
Transfers and grants	401 000	279 000	680 000	680 000	0	-
Other Expenditure and Materials	73 867 638	23 764 217	97 631 855	99 908 549	2 276 694	71 162 198
Losses	-	-	-	300 909	300 909	464 105
<b>Total Expenditure</b>	<b>239 858 232</b>	<b>15 196 120</b>	<b>255 054 352</b>	<b>248 577 511</b>	<b>(6 476 841)</b>	<b>215 250 285</b>
<b>Surplus/(Deficit)</b>	<b>(2 766 015)</b>	<b>2 768 699</b>	<b>2 684</b>	<b>3 085 358</b>	<b>3 082 674</b>	<b>5 541 468</b>
Government Grants and Subsidies - Capital	2 100 000	1 599 573	3 699 573	2 885 633	(813 940)	691 183
Contributed Assets	-	5 000	5 000	667 458	662 458	-
<b>Surplus/(Deficit) for the year</b>	<b>(666 015)</b>	<b>4 373 272</b>	<b>3 707 257</b>	<b>6 638 449</b>	<b>2 931 192</b>	<b>6 232 652</b>



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
<b>CAPITAL EXPENDITURE (VOTE)</b>						
<b>Multi-year expenditure</b>						
Community Services	4 900 000	(4 900 000)	-	-	-	-
<b>Single-year expenditure</b>						
Municipal Manager	40 000	200 000	240 000	45 191	(194 809)	-
Corporate Services	225 000	-	225 000	248 851	23 851	403 365
Finance	-	80 000	80 000	73 913	(6 087)	15 785
Community Services	3 300 000	898 573	4 198 573	4 668 312	469 739	2 578 667
<b>Total Capital Expenditure by Vote</b>	<b>8 465 000</b>	<b>(3 721 427)</b>	<b>4 743 573</b>	<b>5 036 268</b>	<b>292 695</b>	<b>2 997 817</b>
<b>CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>	<b>265 000</b>	<b>280 000</b>	<b>545 000</b>	<b>367 955</b>	<b>(177 045)</b>	<b>419 149</b>
Executive and council	40 000	200 000	240 000	45 191	(194 809)	-
Finance and administration	225 000	80 000	305 000	322 764	17 764	419 149
<b>Community and public safety</b>	<b>3 300 000</b>	<b>893 573</b>	<b>4 193 573</b>	<b>3 996 582</b>	<b>(196 991)</b>	<b>2 575 851</b>
Sport and recreation	200 000	194 000	394 000	339 734	(54 266)	119 386
Public safety	3 100 000	699 573	3 799 573	3 656 849	(142 724)	2 416 087
Health	-	-	-	-	-	40 378
<b>Economic and environmental services</b>	<b>-</b>	<b>5 000</b>	<b>5 000</b>	<b>4 083</b>	<b>(917)</b>	<b>2 816</b>
Road Transport	-	-	-	-	-	2 816
Environmental protection	-	5 000	5 000	4 083	(917)	-

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
Trading services	4 900 000	(4 900 000)	-	667 647	667 647	-
Waste management	4 900 000	(4 900 000)	-	667 647	667 647	-
<b>Total Capital Expenditure - Standard</b>	<b>8 465 000</b>	<b>(3 721 427)</b>	<b>4 743 573</b>	<b>5 036 268</b>	<b>292 695</b>	<b>2 997 817</b>

#### CAPITAL EXPENDITURE (FUNDING SOURCES)

National Government	-	-	-	-	-	66 349
Provincial Government	2 100 000	1 599 573	3 699 573	2 885 633	(813 940)	624 834
<b>Transfers recognised - capital</b>	<b>2 100 000</b>	<b>1 599 573</b>	<b>3 699 573</b>	<b>2 885 633</b>	<b>(813 940)</b>	<b>691 183</b>
Borrowing	4 900 000	(4 900 000)	-	-	-	-
Contributed Assets	-	5 000	5 000	667 458	662 458	-
Internally generated funds	1 465 000	(426 000)	1 039 000	1 483 177	444 177	2 306 633
<b>Total Capital Funding</b>	<b>8 465 000</b>	<b>(3 721 427)</b>	<b>4 743 573</b>	<b>5 036 268</b>	<b>292 695</b>	<b>2 997 817</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### CASH FLOWS

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATE D OUTCOME 2020 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Service charges	12 417 765	1 768 235	14 186 000	13 728 643	(457 357)	9 962 406
Other revenue	132 008 980	(98 271 746)	33 737 234	34 778 796	1 041 562	25 630 992
Government - operating	80 883 000	119 586 987	200 469 987	212 844 931	12 374 944	176 154 795
Government - capital	2 100 000	(868 000)	1 232 000	1 232 000	-	266 349
Interest	1 962 700	(18 500)	1 944 200	2 257 050	312 850	1 876 933
<b>Payments</b>						
Suppliers and employees	(226 260 721)	(18 943 152)	(245 203 873)	(235 420 526)	9 783 347	(206 768 019)
Finance charges	(2 758 307)	-	(2 758 307)	(2 661 708)	96 599	(3 008 369)
Transfers and Grants	(401 000)	(279 000)	(680 000)	(680 000)	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(47 583)</b>	<b>2 974 824</b>	<b>2 927 241</b>	<b>26 079 187</b>	<b>23 151 946</b>	<b>4 115 087</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of Assets	9 419 772	-	9 419 772	-	(9 419 772)	-
<b>Payments</b>						
Capital assets	(8 465 000)	3 726 427	(4 738 573)	(3 701 163)	1 037 410	(2 997 817)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>954 772</b>	<b>3 726 427</b>	<b>4 681 199</b>	<b>(3 701 163)</b>	<b>(8 382 362)</b>	<b>(2 997 817)</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

#### CASH FLOWS

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Payments</b>						
Repayment of borrowing	(2 949 453)	-	(2 949 453)	(2 949 453)	-	(2 918 289)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(2 949 453)</b>	<b>-</b>	<b>(2 949 453)</b>	<b>(2 949 453)</b>	<b>-</b>	<b>(2 918 289)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(2 042 264)</b>	<b>6 701 251</b>	<b>4 658 987</b>	<b>19 428 571</b>	<b>14 769 584</b>	<b>(1 801 017)</b>
Cash/cash equivalents at the year begin:	35 362 346	3 085 629	38 447 976	36 646 958	(1 801 017)	38 447 976
Cash/cash equivalents at the year end:	33 320 082	2 042 264	35 362 346	56 075 529	20 713 183	36 646 958

In line with the current year treatment of the road maintenance receipts, the prior year receipts were also reclassified from Other Revenue to Government - Operating (R 96 351 324). This is in line with how the revenue is reported on to National Treasury.