

Overberg

District Municipality

**ANNUAL REPORT
2021/2022**

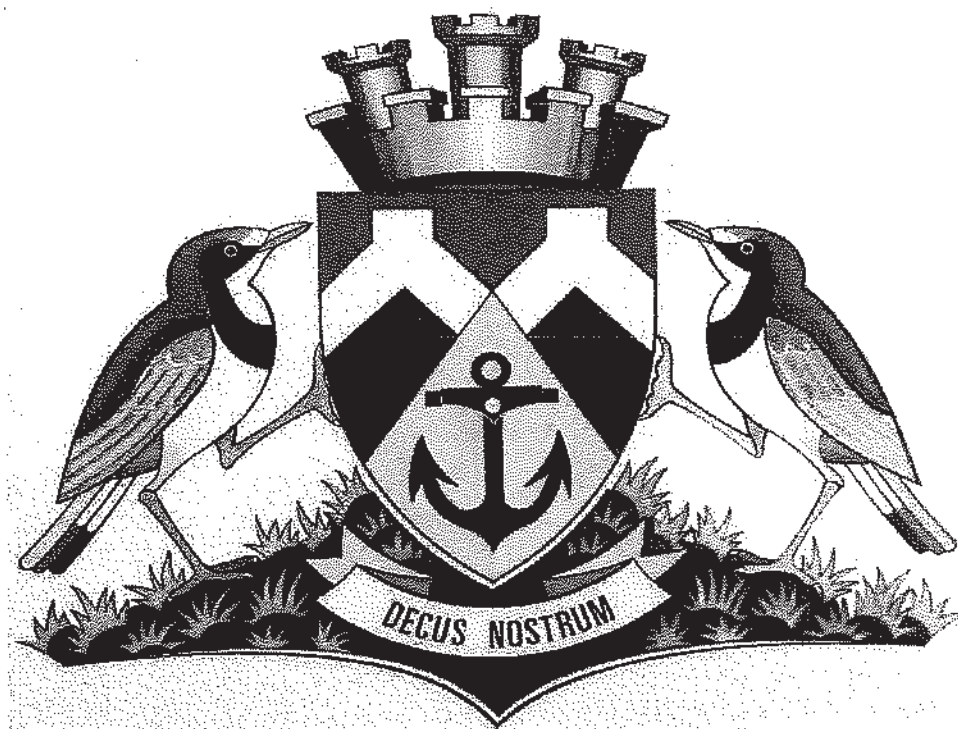


Annual Financial Statements

Volume II

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

OVERBERG DISTRICT MUNICIPALITY



UNAUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2022

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 - FROM ELECTION DATE TO 30 JUNE 2022

Councillor	Ward/Area	Designation
AE Franken	Proportional	Executive Mayor
HD Coetzee	Proportional	Deputy Executive Mayor
LM de Bruyn	Proportional	Speaker
SH Fourie	Overstrand	Mayoral Committee Member
M Nomatiti	Overstrand	Mayoral Committee Member
JGA Nieuwoudt	Cape Agulhas	Mayoral Committee Member
AM Pokwas	Swellendam	Mayoral Committee Member
T Els	Overstrand	Councillor
S Silo	Overstrand	Councillor
JA van Staden	Overstrand	Councillor
MR Mokotwana	Cape Agulhas	Councillor
MA Nomkoko	Theewaterskloof	Councillor
BB Mkhwibiso	Theewaterskloof	Councillor
J Mc Kenzie	Theewaterskloof	Councillor
PJ Stander	Theewaterskloof	Councillor
YM van Tonder	Theewaterskloof	Councillor
AG Klaas	Proportional	Councillor
R Brinkhuys	Proportional	Councillor
NM Sapepa	Proportional	Councillor
M Mathews	Proportional	Councillor
RT Olivier	Proportional	Councillor
CHJ Elgin	Proportional	Councillor
MG Du Plessis	Proportional	Councillor

MEMBERS OF THE COUNCIL - UP TO ELECTION DATE ON 8 NOVEMBER 2021

Councillor	Ward/Area	Designation
AE Franken	Proportional	Executive Mayor
AG Klaas	Proportional	Deputy Executive Mayor
LM de Bruyn	Proportional	Speaker

OVERBERG DISTRICT MUNICIPALITY

GENERAL INFORMATION

L Ntsabo	Overstrand	Mayoral Committee Member
H D Coetzee	Proportional	Mayoral Committee Member
C Resandt	Overstrand	Mayoral Committee Member
S Fredericks	Theewaterskloof	Mayoral Committee Member
C Wood	Theewaterskloof	Councillor
UT Sipunzi	Theewaterskloof	Councillor
R Brinkhuys	Theewaterskloof	Councillor
CM Lamprecht	Theewaterskloof	Councillor
EC Marthinus	Cape Agulhas	Councillor
K Donald	Cape Agulhas	Councillor
J Orban	Overstrand	Councillor
NM Sapepa	Overstrand	Councillor
G Mangcu-Qotywe	Swellendam	Councillor
MH Witbooi	Proportional	Councillor
VE Mentile	Proportional	Councillor
JC Gelderblom	Proportional	Councillor
SH Fourie	Proportional	Councillor
KJ Tiemie	Proportional	Councillor

MUNICIPAL MANAGER (ACCOUNTING OFFICER)

Mr RG Bosman

CHIEF FINANCIAL OFFICER

Mr NL Kruger

REGISTERED OFFICE

26 Long Street, Bredasdorp, 7280

POSTAL ADDRESS

Private Bag X22, Bredasdorp, 7280

AUDITORS

Office of the Auditor General (WC)

PRIMARY BANKER

Nedbank Ltd (South Africa)

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

OVERBERG DISTRICT MUNICIPALITY

GENERAL INFORMATION

AUDIT COMMITTEE MEMBERS

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

CONTACT DETAILS

Website <https://odm.org.za/>
Email address info@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
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 2022, which are set out on pages 1 to 127 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 2023 and current financial position 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.

Mr RG Bosman
Municipal Manager (Accounting Officer)

31 August 2022
Date

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	2022 R (Actual)	2021 R (Restated)
ASSETS			
Current Assets		77 795 201	78 697 453
Cash and Cash Equivalents	2	44 931 903	56 075 529
Receivables from exchange transactions	3	16 550 686	6 412 577
Receivables from non-exchange transactions	4	534 087	515 734
Operating Lease Asset	5	-	-
Taxes	6	11 974 614	12 491 143
Inventory	7	1 872 911	1 150 470
Employee Benefits	11	1 931 000	2 052 000
Non-Current Assets		106 601 328	102 652 987
Investment Property	8	12 796 600	12 811 350
Property, Plant and Equipment	9	71 604 705	66 897 940
Intangible Assets	10	8 023	11 697
Employee Benefits	11	22 192 000	22 932 000
Total Assets		184 396 529	181 350 440
Current Liabilities		27 201 698	42 358 858
Current Portion of Long-term Liabilities	12	4 630 732	3 295 836
Consumer Deposits	13	8 160	8 160
Payables from exchange transactions	14	5 018 699	19 075 356
Unspent Conditional Government Grants	15	3 273 331	5 666 365
Operating Lease Liability	5	-	-
Current Employee benefits	16	14 270 776	14 313 141
Non-Current Liabilities		70 398 937	77 667 733
Long-term Liabilities	12	16 589 374	18 915 627
Employee benefits	17	52 063 000	55 224 000
Non-Current Provisions	18	1 746 563	3 528 106
Total Liabilities		97 600 635	120 026 591
NET ASSETS		86 795 893	61 323 849
COMMUNITY WEALTH			
Accumulated Surplus	19	86 795 893	61 323 849
TOTAL COMMUNITY WEALTH		86 795 893	61 323 849

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2022

	Notes	2022 R (Actual)	2021 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		96 033 378	85 708 781
Transfer Revenue		88 538 684	85 040 129
Government Grants and Subsidies - Capital	20	1 115 586	2 885 633
Government Grants and Subsidies - Operating	20	86 299 813	81 487 038
Public Contributions and Donations	21	143 391	-
Contributed Assets	22	979 894	667 458
Other Revenue		7 494 694	668 652
Actuarial Gains	23	5 826 580	668 652
Other Income	28	1 668 114	-
REVENUE FROM EXCHANGE TRANSACTIONS		173 879 376	169 507 179
Operating Activities		173 879 376	169 507 179
Roads Maintenance Services	24	116 094 500	124 440 834
Service Charges	25	10 090 765	12 130 034
Rental of Facilities and Equipment	26	15 473 899	14 311 015
Interest Earned - external investments		2 557 630	2 287 417
Licences and Permits		224 622	229 888
Agency Services	27	11 500 908	11 343 148
Insurance Receipts		61 301	302 129
Other Income	28	4 747 454	4 462 714
Reversal of Debt Impairment	29	1 403 916	-
Gain on disposal of Investment Property	30	11 724 380	-
TOTAL REVENUE		269 912 754	255 215 961
EXPENDITURE			
Employee related costs	31	118 416 776	110 869 408
Remuneration of Councillors	32	5 871 509	5 851 723
Debt Impairment	33	67 340	67 400
Depreciation and Amortisation	34	3 574 623	3 100 953
Impairment	35	-	729 854
Actuarial losses	36	-	6 101 413
Finance Charges	37	8 389 581	8 643 749
Bulk Purchases	38	329 260	765 947
Contracted services	39	24 264 649	17 207 111
Transfers and Grants	40	399 383	680 000
Other Expenditure	41	82 288 442	86 531 093
Stock Adjustments	7	31 759	-
Loss on disposal of Assets	42	807 388	322 473
TOTAL EXPENDITURE		244 440 709	240 871 122
NET SURPLUS FOR THE YEAR		25 472 045	14 344 838

OVERBERG DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2022

	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2020 - Previously Reported	44 654 323	44 654 323
Prior Period Adjustment - Refer to note 44.6	2 324 688	2 324 688
Balance on 30 June 2020 - Restated	46 979 010	46 979 010
Net Surplus for the Year	14 344 838	14 344 838
Balance on 30 June 2021 - Restated	61 323 849	61 323 849
Net Surplus for the Year	25 472 045	25 472 045
Balance on 30 June 2022	86 795 893	86 795 893

OVERBERG DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

	Notes	2022 R (Actual)	2021 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service charges		10 333 041	13 728 643
Other revenue		30 257 976	34 778 796
Roads Maintenance Services		106 984 178	128 105 186
Government - operating		83 072 365	84 739 745
Government - capital		1 950 000	1 232 000
Interest		2 528 624	2 257 050
Payments			
Suppliers and employees		(234 994 200)	(235 420 526)
Finance charges		(2 631 883)	(2 661 708)
Transfers and Grants		(399 383)	(680 000)
NET CASH FROM/(USED) OPERATING ACTIVITIES	45	(2 899 283)	26 079 187
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on the Disposal of Properties		1 304 348	-
Payments			
Purchase of Property, Plant and Equipment		(5 609 334)	(3 701 163)
NET CASH USED INVESTING ACTIVITIES		(4 304 986)	(3 701 163)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments			
Loans repaid		(3 939 357)	(2 949 453)
NET CASH USED FINANCING ACTIVITIES		(3 939 357)	(2 949 453)
NET INCREASE/(DECREASE) IN CASH HELD		(11 143 626)	19 428 571
Cash and Cash Equivalents at the beginning of the year		56 075 529	36 646 958
Cash and Cash Equivalents at the end of the year		44 931 903	56 075 529
NET INCREASE/(DECREASE) IN CASH HELD		(11 143 626)	19 428 571

OVERBERG DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2022 R (Actual)	2022 R (Final Budget)	2022 R (Variance)
ASSETS			
Current assets			
Cash	1 928 350	27 579 598	(25 651 248)
Call investment deposits	43 003 553	20 000 000	23 003 553
Consumer debtors	2 920 294	2 986 870	(66 576)
Other Receivables	26 139 093	7 057 929	19 081 164
Employee Benefits	1 931 000	1 897 000	34 000
inventory	1 872 911	1 150 470	722 440
Total current assets	77 795 201	60 671 867	17 123 334
Non current assets			
Employee Benefits	22 192 000	23 823 000	(1 631 000)
Investment property	12 796 600	12 795 232	1 368
Property, plant and equipment	71 604 705	69 478 816	2 125 889
Intangible Assets	8 023	9 452	(1 429)
Total non current assets	106 601 328	106 106 500	494 828
TOTAL ASSETS	184 396 529	166 778 367	17 618 162
LIABILITIES			
Current liabilities			
Borrowing	4 630 732	3 683 595	947 137
Consumer deposits	8 160	8 160	-
Trade and other payables	8 292 030	19 015 106	(10 723 076)
Provisions and Employee Benefits	14 270 776	15 028 798	(758 022)
Total current liabilities	27 201 698	37 735 660	(10 533 961)
Non current liabilities			
Borrowing	16 589 374	15 232 032	1 357 342
Provisions and Employee Benefits	53 809 563	57 371 152	(3 561 588)
Total non current liabilities	70 398 937	72 603 184	(2 204 246)
TOTAL LIABILITIES	97 600 635	110 338 843	(12 738 208)
NET ASSETS	86 795 893	56 439 524	30 356 371
COMMUNITY WEALTH			
Accumulated Surplus	73 795 893	47 019 524	26 776 370
Reserves	13 000 000	9 420 000	3 580 000
TOTAL COMMUNITY WEALTH/EQUITY	86 795 893	56 439 524	30 356 370

Refer to note 47.2 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 2022

ADJUSTMENTS TO APPROVED BUDGET

	2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Budget)
ASSETS			
Current assets			
Cash	27 579 598	-	27 579 598
Call investment deposits	20 000 000	-	20 000 000
Consumer debtors	2 986 870	-	2 986 870
Other Receivables	7 057 929	-	7 057 929
Employee Benefits	1 897 000	-	1 897 000
Inventory	1 150 470	-	1 150 470
Total current assets	60 671 867	-	60 671 867
Non current assets			
Long-term receivables	23 823 000	-	23 823 000
Investment property	12 795 232	-	12 795 232
Property, plant and equipment	69 478 816	-	69 478 816
Intangible Assets	9 452	-	9 452
Total non current assets	106 106 500	-	106 106 500
TOTAL ASSETS	166 778 367	-	166 778 367
LIABILITIES			
Current liabilities			
Borrowing	3 683 595	-	3 683 595
Consumer deposits	8 160	-	8 160
Trade and other payables	19 015 106	-	19 015 106
Provisions and Employee Benefits	15 028 798	-	15 028 798
Total current liabilities	37 735 660	-	37 735 660
Non current liabilities			
Borrowing	15 232 032	-	15 232 032
Provisions and Employee Benefits	57 371 152	-	57 371 152
Total non current liabilities	72 603 184	-	72 603 184
TOTAL LIABILITIES	110 338 843	-	110 338 843
NET ASSETS	56 439 524	-	56 439 524
COMMUNITY WEALTH			
Accumulated Surplus	47 019 524	-	47 019 524
Reserves	9 420 000	-	9 420 000
TOTAL COMMUNITY WEALTH/EQUITY	56 439 524	-	56 439 524

Refer to note 47.2 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 2022

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2022 R (Actual)	2022 R (Final Budget)	2022 R (Variance)
REVENUE BY SOURCE			
Service charges	10 090 765	12 322 534	(2 231 769)
Rental of facilities and equipment	12 457 712	12 044 000	413 712
Interest earned - external investments	2 557 630	2 143 500	414 130
Interest earned - outstanding debtors	-	230 000	(230 000)
Licences and permits	224 622	166 400	58 222
Agency services	11 500 908	11 510 646	(9 738)
Government Grants and Subsidies - Operating	202 394 313	202 939 025	(544 712)
Other revenue	16 866 943	12 422 432	4 444 511
Gains	11 724 380	13 485 250	(1 760 870)
TOTAL OPERATING REVENUE	267 817 274	267 263 787	553 487
EXPENDITURE BY TYPE			
Employee related costs	122 750 891	127 046 493	(4 295 602)
Remuneration of councillors	5 871 509	6 428 186	(556 677)
Debt impairment	67 340	200 000	(132 660)
Depreciation & asset impairment	3 574 623	4 613 948	(1 039 325)
Finance charges	3 491 581	3 362 951	128 630
Bulk Purchases	329 260	400 000	(70 740)
Inventory Consumed	50 515 644	56 287 914	(5 772 270)
Contracted services	24 539 341	27 819 993	(3 280 652)
Transfers and Grants	399 383	2 549 000	(2 149 617)
Other Expenditure	32 093 749	35 358 550	(3 264 801)
Losses	807 388	-	807 388
TOTAL OPERATING EXPENDITURE	244 440 709	264 067 035	(19 626 326)
OPERATING SURPLUS FOR THE YEAR			
Government Grants and Subsidies - Capital	1 115 586	1 950 000	(834 414)
Contributed Assets	979 894	-	979 894
NET SURPLUS FOR THE YEAR	25 472 045	5 146 752	20 325 293

Refer to note 47.2 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 2022

ADJUSTMENTS TO APPROVED BUDGET

	2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Budget)
REVENUE BY SOURCE			
Service charges	12 322 534	-	12 322 534
Rental of facilities and equipment	12 044 000	-	12 044 000
Interest earned - external investments	2 143 500	-	2 143 500
Interest earned - outstanding debtors	230 000	-	230 000
Licences and permits	166 400	-	166 400
Agency services	11 510 646	-	11 510 646
Government Grants and Subsidies - Operating	202 939 025	-	202 939 025
Other revenue	12 422 432	-	12 422 432
Gains	13 485 250	-	13 485 250
TOTAL OPERATING REVENUE	267 263 787	-	267 263 787
EXPENDITURE BY TYPE			
Employee related costs	127 046 493	-	127 046 493
Remuneration of councillors	6 428 186	-	6 428 186
Debt Impairment	200 000	-	200 000
Depreciation & asset impairment	4 613 948	-	4 613 948
Finance charges	3 362 951	-	3 362 951
Bulk Purchases	400 000	-	400 000
Inventory Consumed	56 287 914	-	56 287 914
Contracted services	27 819 993	-	27 819 993
Transfers and Grants	2 549 000	-	2 549 000
Other Expenditure	35 358 550	-	35 358 550
TOTAL OPERATING EXPENDITURE	264 067 035	-	264 067 035
OPERATING SURPLUS/(DEFICIT) FOR THE PERIOD			
	3 196 752	-	3 196 752
Government Grants and Subsidies - Capital	1 950 000	-	1 950 000
NET SURPLUS/(DEFICIT) FOR THE YEAR	5 146 752	-	5 146 752

Refer to note 47.2 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 2022

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2022 R (Actual)	2022 R (Final Budget)	2022 R (Variance)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service charges	10 333 041	12 322 534	(1 989 493)
Other revenue	30 257 976	35 943 478	(5 685 502)
Government - operating	190 056 542	196 556 927	(6 500 385)
Government - capital	1 950 000	1 950 000	-
Interest	2 528 624	2 373 500	155 124
Payments			
Suppliers and Employees	(234 994 200)	(255 790 059)	20 795 859
Finance charges	(2 631 883)	(2 315 325)	(316 558)
Transfers and Grants	(399 383)	(2 549 000)	2 149 617
NET CASH USED IN OPERATING ACTIVITIES	(2 899 283)	(11 507 945)	8 608 663
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of Assets	1 304 348	13 485 250	(12 180 902)
Payments			
Capital assets	(5 609 334)	(7 177 400)	1 568 066
NET CASH FROM/(USED) INVESTING ACTIVITIES	(4 304 986)	6 307 850	(10 612 836)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Repayment of borrowing	(3 939 357)	(3 295 836)	(643 521)
NET CASH USED IN FINANCING ACTIVITIES	(3 939 357)	(3 295 836)	(643 521)
NET DECREASE IN CASH HELD	(11 143 626)	(8 495 931)	(2 647 695)
Cash and Cash Equivalents at the beginning of the year	56 075 529	56 075 529	-
Cash and Cash Equivalents at the end of the year	44 931 903	47 579 598	(2 647 695)
NET DECREASE IN CASH HELD	(11 143 626)	(8 495 931)	(2 647 695)

Refer to note 47.2 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 2022

ADJUSTMENTS TO APPROVED BUDGET

	2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Budget)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Service charges	12 322 534	-	12 322 534
Other revenue	35 943 478	-	35 943 478
Government - Operating	196 556 927	-	196 556 927
Government - Capital	1 950 000	-	1 950 000
Interest	2 373 500	-	2 373 500
Payments			
Suppliers and Employees	(255 790 059)	-	(255 790 059)
Finance charges	(2 315 325)	-	(2 315 325)
Transfers and Grants	(2 549 000)	-	(2 549 000)
NET CASH USED IN OPERATING ACTIVITIES	(11 507 945)	-	(11 507 945)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of Assets	13 485 250	-	13 485 250
Payments			
Capital assets	(7 177 400)	-	(7 177 400)
NET CASH FROM INVESTING ACTIVITIES	6 307 850	-	6 307 850
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Repayment of borrowing	(3 295 836)	-	(3 295 836)
NET CASH USED IN FINANCING ACTIVITIES	(3 295 836)	-	(3 295 836)
NET DECREASE IN CASH HELD	(8 495 931)	-	(8 495 931)
Cash and Cash Equivalents at the beginning of the year	56 075 529	-	56 075 529
Cash and Cash Equivalents at the end of the year	47 579 598	-	47 579 598
NET DECREASE IN CASH HELD	(8 495 931)	-	(8 495 931)

Refer to note 47.2 for further details relating to material variances.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

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 2022

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 2022

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

The Municipality resolved to early adopt the Improvements to the Standards of GRAP (2020) which were issued but are not yet effective. The improvements affected the following Standards of GRAP:

Standard	Description	Effective Date
GRAP 5	Borrowing Costs	1 April 2023
GRAP 13	Leases	1 April 2023
GRAP 16	Investment Property	1 April 2023
GRAP 17	Property Plant and Equipment	1 April 2023
GRAP 24	Presentation of Budget Information in Financial Statements	1 April 2023
GRAP 31	Intangible Assets	1 April 2023
GRAP 32	Service Concession Arrangements: Grantor	1 April 2023
GRAP 37	Joint Arrangements	1 April 2023
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	1 April 2023
Directive 7	The Application of Deemed Cost	1 April 2023
Guideline	Accounting for Landfill Sites	1 April 2023

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 Municipality further resolved to early adopt the following Amendments to the Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 1 (2019)	Presentation of Financial Statements	1 April 2023

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

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

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

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

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

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 Effective dates not yet determined

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

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

1.08.2.1 GRAP 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 not be significant

1.08.2.2 GRAP 103 (Revised 2022) - Heritage Assets

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

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

1.08.2.3 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 2022

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) which earn rentals and/or being held for capital appreciation. These properties are not held to meet service delivery objectives, the production or supply of goods or services for administration purposes nor for 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 2022

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 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 2022

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

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

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

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

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

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

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

Spare parts and standby 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 2022

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 the 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 2022

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 2022

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 the 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 2022

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 2022

1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.13.4 Reversal of an impairment loss

At each reporting date 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 2022

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 are 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 2022

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 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 2022

1.15 EMPLOYEE BENEFITS (CONTINUED)

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.

1.15.3 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; or
- 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 2022

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 accrues 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 2022

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 substantially transfers 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 2022

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 follows:

- (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 2022

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 are not being 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 2022

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 2022

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.

1.19.4 Derecognition

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

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

1.20 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 2022

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 may 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 2022

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 an 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 2022

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 2022

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.

1.26.2.3 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.

1.26.2.4 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.

1.26.2.5 Rental income

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

1.26.2.6 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.

1.26.2.7 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 2022

1.26 REVENUE (CONTINUED)

1.26.2.8 *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.

1.26.2.9 *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 2022

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.

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 43 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 2022

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 those transactions occur 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 2022

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 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 2022

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 2022

1.38 SEGMENT REPORTINGS (CONTINUED)

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

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

1.39 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 2022

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 2022

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 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 2022

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 2022

		2022 R	2021 R
2	CASH AND CASH EQUIVALENTS		
	Bank Accounts	1 926 550	14 234 112
	Call Investments and Other Deposits	43 003 553	41 839 617
	Cash Floats	1 800	1 800
	Total	44 931 903	56 075 529

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	3 273 331	5 666 365
	Unspent Annuity Loans	4 911 913	4 911 913
	Roads Maintenance Services Payable	-	13 180 697
	Rehabilitation Costs	2 567 377	1 804 072
	Capital Replacement Reserve	13 000 000	4 988 500
	Working Capital Requirements	21 179 281	25 523 982
	Total	44 931 903	56 075 529

The Committed Rehabilitation Costs amounting to R 2 442 081 (2021 - R 1 804 072) 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.

Primary Bank Account

Bredasdorp Nedbank- Account number 11 7652 44 96

Bank Statement Balance - Opening Balance	13 884 166	1 024 408
Bank Statement Balance - Closing Balance	1 846 607	13 884 166

Other Bank Accounts

Bredasdorp ABSA - Account number 17 8000 00 62

Bank Statement Balance - Opening Balance	350 363	1 728 837
Bank Statement Balance - Closing Balance	78 264	350 363

The municipality does not have an overdraft facility

Cashbook Balances (All Current Accounts)

Cashbook Balance - Opening Balance	14 234 112	2 737 913
Cashbook Balance - Closing Balance	1 926 550	14 234 112

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
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	6 135 549	1 874
ABSA Depositor Plus - Account Number 92 8755 0641	2 567 377	1 804 072
ABSA Investment Tracker - Account Number 93 5889 2970	30 474 402	37 436 045
Nedbank Call Account - Account Number 03 788 171 4042	2 826 225	2 597 626
Standard Bank Fixed Deposit - 078810361-001	1 000 000	-
Total	43 003 553	41 839 617

Interest of between 4.20 % and 5.93 % (2021 - 2.95 % and 4.20%) are attracted by these short term deposits. During the prior year, the ABSA Depositor Plus (Account Number 92 8755 1045) did not attract interest due to the low investment balance.

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2022	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	3 359 919	449 843	2 910 076
Electricity	6 432	295	6 137
Water	9 709	3 095	6 614
Housing rental	29 446	14 722	14 723
Sundry Debtors	3 314 333	431 731	2 882 602
Local Municipalities - Fire Services	696 973	-	696 973
Local Municipalities - Waste Disposal	466 006	-	466 006
Other	2 151 354	431 731	1 719 623
Other Receivables	13 640 609	-	13 640 609
Sale of Properties	12 000 000	-	12 000 000
Accrued Interest	190 178	-	190 178
Payments in Advance	816 639	-	816 639
Roads Maintenance Services	633 792	-	633 792
Total	17 000 529	449 843	16 550 686
30 JUNE 2021			
Service Receivables	3 357 462	383 794	2 973 668
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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2021	Gross Balance	Allowance for impairment	Net Receivable
Other Receivables	4 842 825	1 403 916	3 438 909
Accrued Interest	163 026	-	163 026
Payments in Advance	836 632	-	836 632
Department of Transport and Public Works	3 843 166	1 403 916	2 439 251
Total	8 200 286	1 787 710	6 412 577
Balance Previously Reported	11 655 692	2 126 627	9 529 065
Prior Period Adjustment - Refer to note 44.1	(3 455 405)	(338 917)	(3 116 488)
Restated Balance on 30 June 2021	8 200 286	1 787 710	6 412 577
		2022	2021
		R	R
Ageing of service receivables:			
Electricity Ageing			
Current (0 - 30 days)		2 898	1 880
Past Due (31 - 60 Days)		1 679	1 080
Past Due (61 - 90 Days)		1 251	559
Past Due (90 Days +)		604	518
Total		6 432	4 037
Water Ageing			
Current (0 - 30 days)		2 888	786
Past Due (31 - 60 Days)		6	1 407
Past Due (61 - 90 Days)		-	1 036
Past Due (90 Days +)		6 816	3 448
Total		9 709	6 677
Housing Rental Ageing			
Current (0 - 30 days)		-	-
Past Due (31 - 60 Days)		-	-
Past Due (61 - 90 Days)		-	-
Past Due (90 Days +)		29 446	32 386
Total		29 446	32 386
Sundry Debtors Ageing			
Current (0 - 30 days)		1 416 284	1 702 642
Past Due (31 - 60 Days)		325 706	329 249
Past Due (61 - 90 Days)		187 058	171 873
Past Due (90 Days +)		1 385 284	1 110 598
Total		3 314 333	3 314 362

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Total Service Receivables Ageing		
Current (0 - 30 days)	1 422 070	1 705 307
Past Due (31 - 60 Days)	327 391	331 736
Past Due (61 - 90 Days)	188 309	173 468
Past Due (90 Days +)	1 422 150	1 146 951
Total	3 359 919	3 357 462
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	1 787 710	1 724 254
Contribution to the provision	66 049	63 456
Electricity	57	27
Water	1 538	1 453
Housing rental	(1 470)	(2 915)
Sundry Debtors	65 924	64 890
Reversal of Debt Impairment	(1 403 916)	-
Department of Transport and Public Works	(1 403 916)	-
Balance at the end of the year	449 843	1 787 710

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 since the debtor was first recorded in the 2019/20 financial year. The department indicated that they will process the payment once certain outstanding information is provided. All outstanding information was provided during the 2021/22 financial year. The amount was settled before year-end.

The Sale of Property amounting to R 12 000 000 relates to the Salmonsdam Properties that were disposed of and the sale was recognised in June 2022. This debtor is considered a current debtor and no impairment charge is raised against this amount, as the funds are already deposited at the attorneys at year-end.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2022	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	20 436	10 218	10 218
Legal Fees	20 436	10 218	10 218
Other Receivables	523 870	-	523 870
Deposits	432 014	-	432 014
Suspense Debtors	91 856	-	91 856
Total	544 306	10 218	534 087

30 JUNE 2021	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	22 129	8 927	13 202
Legal Fees	22 129	8 927	13 202
Other Receivables	502 532	-	502 532
Deposits	410 160	-	410 160
Suspense Debtors	92 372	-	92 372
Total	524 661	8 927	515 734

Deposits includes Eskom, Municipal and Rental Deposits.

	2022 R	2021 R
Ageing of service receivables:		
Legal Fees Ageing		
Current (0 - 30 days)	-	-
Past Due (31 - 60 Days)	-	-
Past Due (61 - 90 Days)	-	5 344
Past Due (90 Days +)	20 436	16 785
Total	20 436	22 129

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	8 927	4 984
Contribution to the provision	1 291	3 944
Legal Fees	1 291	3 944
Balance at the end of the year	10 218	8 927

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	11 223 338	10 317 613
Between 1 and 5 Years	25 379 275	31 877 261
Over 5 Years	2 451 923	3 382 102
Total	39 054 536	45 576 976

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 months. 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 2032 (2020: 2029)

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
5 OPERATING LEASES (CONTINUED)		
5.2 Operating Lease Liability	-	-
<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	749 498	499 484
Between 1 and 5 Years	1 079 608	183 259
Total	1 829 105	682 742

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 2022 and will run up to 31 January 2025. The initial monthly rental is R 3 197 (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 2025. The previous contract expired on 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 De 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 2022

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.

The Municipality entered into a lease agreement with the SPFT Beleggings (Edms) Bpk for property to be utilised by the fire department in Caledon. The lease agreement commenced on 1 April 2022 and will run up to 31 March 2023. The initial monthly rental is R 50 485 (VAT inclusive) and the lease is subject to an annual increase of 7%. The municipality has the option to renew the lease after 31 March 2025.

6 TAXES

VAT Receivable

	2022 R	2021 R
VAT Receivable	<u>11 974 614</u>	<u>12 491 143</u>
The VAT Payable balance is made up as follows:		
VAT Output in Suspense	(1 899 782)	(337 668)
VAT Input in Suspense	511 235	389 830
VAT Receivable from SARS	13 363 161	12 438 980
Balance Previously Reported		(680 145)
Prior Period Adjustment - Refer to note 44.2		<u>13 119 125</u>
Total	<u>11 974 614</u>	<u>12 491 143</u>

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

7 INVENTORY

Consumables

Printing & Stationery
Fuel & Oil
Spare Parts
Grader Blades
Cleaning Materials
Other

	1 872 911	1 150 470
Printing & Stationery	24 080	24 703
Fuel & Oil	1 402 324	837 706
Spare Parts	37 424	40 687
Grader Blades	323 587	204 250
Cleaning Materials	53 224	17 214
Other	32 272	25 911
Total	<u>1 872 911</u>	<u>1 150 470</u>

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

		2022 R	2021 R
7	INVENTORY (CONTINUED)		
	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).	31 759	-
	Inventory recognised as an expense during the year.	17 926 425	12 197 953
8	INVESTMENT PROPERTY		
	Investment Property - Carrying Value	12 796 600	12 811 350
	The movement in Investment Property is reconciled as follows:		
	Investment Property - Opening Carrying Value	12 811 350	12 811 350
	Cost	12 811 350	12 811 350
	Disposals	(14 750)	-
	Investment Property - Closing Carrying Value	12 796 600	12 811 350
	Cost	12 796 600	12 811 350

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 was 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. The risk and rewards associated with these properties were transferred to the relevant buyers during 2021/2022.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

9 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2022	Cost					Accumulated Depreciation					Accumulated Impairment			Carrying Value
	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land	4 999 177	-	-	-	4 999 177	-	-	-	-	-	-	-	-	4 999 177
Buildings	16 946 773	971 347	(12 753)	-	17 905 367	5 776 066	265 664	(12 729)	-	6 029 008	313 006	-	313 006	10 963 354
Capitalised Restoration Cost	8 546 438	-	(452 126)	-	8 094 312	6 012 213	93 845	-	-	6 106 058	1 988 254	-	1 988 254	-
Infrastructure	41 069 589	-	-	-	41 069 589	10 177 350	909 732	-	-	11 087 082	-	-	-	29 982 507
Community Assets	14 800	-	-	-	14 800	3 558	493	-	-	4 052	-	-	-	10 748
Leased Assets	2 074 306	2 948 000	(1 974 313)	-	3 047 992	2 040 294	482 176	(1 974 220)	-	548 250	-	-	-	2 499 742
Computer Equipment	2 878 277	273 861	(782 400)	-	2 369 738	1 475 495	224 127	(664 555)	-	1 035 067	-	-	-	1 334 672
Furniture and fittings	3 828 088	156 224	(666 788)	-	3 317 524	2 371 622	179 567	(527 895)	-	2 023 294	-	-	-	1 294 230
Machinery and equipment	4 546 869	1 870 801	(150 634)	-	6 267 037	1 311 796	353 838	(114 542)	-	1 551 092	-	-	-	4 715 945
Office equipment	1 606 705	5 394	(285 892)	-	1 326 208	786 742	104 822	(193 354)	-	698 210	-	-	-	627 990
Vehicles	6 453 539	705 710	(789 496)	(319 496)	6 051 257	2 378 130	329 421	(560 112)	(46 330)	2 101 109	-	-	-	3 950 148
Specialised Vehicles	12 834 135	3 204 891	(762 051)	319 496	15 596 471	4 266 233	627 264	(569 538)	-	4 630 288	-	-	-	11 226 184
Total	105 798 698	9 537 228	(5 876 452)	-	109 459 474	36 599 498	3 570 949	(4 616 938)	-	35 553 509	2 301 260	-	2 301 260	71 604 705

30 JUNE 2021	Cost					Accumulated Depreciation					Accumulated Impairment			Carrying Value
	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land	4 999 177	-	-	-	4 999 177	-	-	-	-	-	-	-	-	4 999 177
Buildings	14 480 297	2 465 477	-	-	16 946 773	5 567 402	208 664	-	-	5 776 066	-	313 006	313 006	10 857 701
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	2 668 542	248 851	(39 115)	-	2 878 277	1 278 491	223 741	(26 757)	-	1 475 495	-	-	-	1 402 783
Furniture and fittings	3 863 918	113 210	(147 040)	-	3 828 088	2 274 274	210 076	(112 728)	-	2 371 622	-	-	-	1 456 466
Machinery and equipment	4 025 341	590 176	(68 647)	-	4 546 869	1 101 196	266 730	(56 131)	-	1 311 796	-	-	-	3 235 074
Office equipment	1 622 374	16 250	(31 919)	-	1 606 705	698 101	113 991	(35 350)	-	786 742	-	-	-	819 969
Vehicles	5 903 612	933 657	(383 730)	-	6 453 539	2 137 374	367 787	(127 092)	-	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
Total	101 432 881	5 036 268	(670 451)	-	105 798 698	33 852 456	3 095 020	(347 978)	-	36 599 498	1 571 406	729 854	2 301 260	66 897 940

Balance Previously Reported	101 400 540	5 036 268	(541 452)	-	105 895 356	33 845 316	3 092 323	(240 542)	-	36 697 096	1 571 406	729 854	2 301 260	66 897 901
Prior Period Adjustment	32 341	-	(128 999)	-	(96 659)	7 140	2 698	(107 436)	-	(97 598)	-	-	-	939
Restated Balance on 30 June 2021	101 432 881	5 036 268	(670 451)	-	105 798 698	33 852 456	3 095 020	(347 978)	-	36 599 498	1 571 406	729 854	2 301 260	66 897 940

The 2020/21 balances were restated - Refer to note 44.3



OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)		
9.1 There is no property plant and equipment where title is restricted.		
9.2 Leases assets are pledged as security for outstanding finance lease liabilities included in note 12.		
9.3 The following Work in Progress balances were included in closing balances. No depreciation charges are recognised against these balances:		
Land and Buildings	156 417	-
Total	156 417	-

Included in work in progress are buildings (30 June 2022 and 30 June 2021) amounting to R 313 006 which 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 casts 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.

Work in progress amounting to R 156 417 on 30 June 2022 relates to the upgrading of Chalets at the Uilenkraalsmond Resort which is not yet completed at year-end.

9.4 The following borrowing cost were capitalised in terms of GRAP 5 and included in the closing balance of the following asset classes. No borrowing costs were capitalised during 2020/21 and 2021/22:

Infrastructure	1 176 716	1 176 716
Total	1 176 716	1 176 716

9.5 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 2022

	2022 R	2021 R
9		
PROPERTY PLANT AND EQUIPMENT (CONTINUED)		
9.6 Infrastructure assets can broadly be classified in the following 2 categories:		
Service Delivery Infrastructure Assets at Resorts	4 339 476	4 617 727
Infrastructure at Karwyderskraal Solid Waste Facility	25 643 031	26 274 512
Total Carrying Value	29 982 507	30 892 239

9.7 Refer to note 43 for maintenance related expenditure incurred on property, plant and equipment.

10 INTANGIBLE ASSETS

Intangible Assets - Carrying Value	8 023	11 697
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The movement in intangible assets is reconciled as follows:

Opening Carrying Value	11 697	17 629
Cost	89 538	89 538
Accumulated Amortisation	(77 841)	(71 908)
Amortisation for the year	(3 674)	(5 932)
Closing Carrying Value	8 023	11 697
Cost	89 538	89 538
Accumulated Amortisation	(81 515)	(77 841)

Intangible Assets consist only of software.

No intangible asset was assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets where 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 2022

	2022 R	2021 R
11 EMPLOYEE BENEFITS		
Employee Benefits (Roads)	24 123 000	24 984 000
Less Current Portion	(1 931 000)	(2 052 000)
Total	22 192 000	22 932 000

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

Opening Balance	24 984 000	21 134 000
Contribution during the year	2 788 000	2 863 000
Current Service Cost	524 000	495 000
Interest Cost	2 264 000	2 368 000
Claimable from Department of Roads	(1 928 748)	(1 780 364)
Actuarial (Loss)/Gain	(1 720 252)	2 767 364
Total	24 123 000	24 984 000

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 2022

	2022 R	2021 R
12 LONG-TERM LIABILITIES		
Annuity Loans	18 915 627	22 211 463
Finance Lease Liabilities	2 304 479	-
Sub-Total	21 220 106	22 211 463
Less: Current portion of Long-term Liabilities	4 630 732	3 295 836
Annuity Loans	3 683 595	3 295 836
Finance Lease Liabilities	947 137	-
Total	16 589 374	18 915 627

Annuity Loans 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:

Opening Balance - Unspent Loans	4 911 913	4 911 913
Assets purchased	-	-
Annuity Loans Raised	-	-
Closing Balance - Unspent Loans	4 911 913	4 911 913

It is anticipated that the unspent funds will be utilised in the 2022/23 financial year.

Annuity Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Standard Bank	18 915 627	22 211 463
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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.

	18 915 627	22 211 463
--	-------------------	-------------------

Annuity loans are payable as follows:

Payable within one year	5 611 160	5 611 160
Payable within two to five years	18 236 271	22 444 642
Payable after five years	-	1 402 790
Total amount payable	23 847 432	29 458 592
Less: Outstanding Future Finance Charges	(4 931 804)	(7 247 129)
Present value of annuity loans	18 915 627	22 211 463

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

		2022	2021
		R	R

12 LONG-TERM LIABILITIES (CONTINUED)

Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

Nr	Institution	Interest Rate	Lease Term
1	Nashua (Copiers)	Redeemed	1 September 2016 to 30 September 2019
2	Nashua (Copiers)	12.97%	1 Augustus 2021 to 31 July 2024

The assets associated to the Nashua contract which continued on a month-to-month basis since the initial contract period expired on 30 September 2019, were returned to the supplier in the 2021/22 financial year. The municipality entered into a new finance lease agreement. This agreement commenced on 1 August 2021. The instalments associated with this agreement will escalate by 15.05% and 13.09% respectively at the end of the first and second year of the agreement.

Assets and liabilities associated with finance lease contracts:

Nr	Carrying Value of Asset		Carrying Value of Liability	
	2022	2021	2022	2021
	R	R	R	R
1	-	34 012	-	-
2	2 499 742	-	2 304 479	-
	<u>2 499 742</u>	<u>34 012</u>	<u>2 304 479</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 9.

Finance Lease Liabilities are payable as follows:

Payable within one year	1 191 900	-
Payable within two to five years	1 463 140	-
Total amount payable	2 655 040	-
Less: Outstanding Future Finance Charges	(350 561)	-
Present value of finance lease liabilities	2 304 479	-

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
13 CONSUMER DEPOSITS		
Electricity	8 160	8 160
Total	8 160	8 160
Guarantees held in lieu of Electricity Deposits	-	-

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

14 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	3 147 814	4 463 884
Balance Previously Reported		4 491 385
Prior Period Adjustment - Refer to note 44.4		(27 501)
Payments received in advance	718 246	667 017
Rent Deposits	139 642	132 822
Sundry Payables	1 012 997	630 937
Roads Maintenance Services	-	13 180 697
Total	5 018 699	19 075 356

Payables are 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 is 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 2021 can mainly be attributed to substantial advances received from the Provincial Roads Department before year-end. During the current year, the advance at was not sufficient to cover all expenditure incurred up to year-end resulting in a receivable balance on 30 June 2022.

Sundry payables mainly cost of Unidentified deposits and Employee Related Accruals/Payables.

Refer to note 24 for more detail relating to the Roads Maintenance Payable

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
15 UNSPENT CONDITIONAL GOVERNMENT GRANTS		
National Government	88 580	3 841 428
Provincial Government	3 184 751	1 824 937
Total	3 273 331	5 666 365

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.

16 CURRENT EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	3 418 000	3 412 000
Long Service Awards	755 000	883 000
Bonuses	2 904 710	2 632 114
Staff Leave	7 193 066	7 386 027
Total	14 270 776	14 313 141

The movement in current employee benefits are reconciled as follows:

Bonuses

Opening Balance	2 632 114	2 698 490
Contribution during the year	5 859 406	5 601 630
Payments made	(5 586 810)	(5 668 006)
Closing Balance	2 904 710	2 632 114

Bonuses are paid to all municipal staff, excluding section 57 Managers. The balance at year end represents the portion of the bonus that has already vested for the current salary cycle. There is no possibility of reimbursement.

Staff Leave

Opening Balance	7 386 027	7 344 172
Contribution during the year	722 172	1 307 137
Payments made	(915 133)	(1 265 282)
Closing Balance	7 193 066	7 386 027

Staff leave accrued to employees according to the 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.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
17 EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	50 163 000	53 502 000
Long Service Awards	6 073 000	6 017 000
Sub-Total	56 236 000	59 519 000
Less: Current portion of Employee Benefits	4 173 000	4 295 000
Post Retirement Medical Benefits	3 418 000	3 412 000
Long Service Awards	755 000	883 000
Total	52 063 000	55 224 000

17.1 Post Retirement Medical Benefits

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

Opening Balance	53 502 000	44 518 000
Contribution during the year	5 711 000	5 934 000
Current Service Cost	813 000	738 000
Interest Cost	4 898 000	5 196 000
Payments made	(3 233 834)	(3 051 413)
Actuarial Loss/(Gain)	(5 816 166)	6 101 413
Total balance at year-end	50 163 000	53 502 000
Less Current Portion	3 418 000	3 412 000
Total	46 745 000	50 090 000

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

	2022	2021
In-service members	78	82
Continuation members	76	76
Total	154	158

At year-end there were also 93 (2021 - 104) eligible In-service non-members.

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

	2022 R	2021 R
In-service employees	13 796 000	14 959 000
Continuation members	36 367 000	38 543 000
Total Unfunded Liability	50 163 000	53 502 000

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

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:

	2020 R	2019 R	2018 R
In-service members	14 311 000	14 620 546	23 090 073
Continuation members	30 207 000	34 819 575	32 917 590
Total Unfunded Liability	44 518 000	49 440 121	56 007 663

Experience adjustments were calculated as follows:

	2022 R m	2021 R m
Liabilities: (Gain)/Loss	(3.309)	1.074
Assets: Gain/(Loss)	-	-

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

	2020 R m	2019 R m	2018 R m
Liabilities: (Gain)/Loss	(1.456)	(3.062)	(2.001)
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

	2022	2021
Discount rate	11.50%	9.45%
Health Care Cost Inflation Rate	8.16%	6.57%
Net Effective Discount Rate	3.09%	2.70%

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 2022

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 (2021 - 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% (2021 - 60%) while the continuation of membership at retirement is estimated at 75% (2021 - 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% (2021 - 15%).

Last Valuation

The last valuation was performed on 16 July 2022.

Actuarial Valuation Method

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

	2022 R	2021 R
The amounts recognised in the Statement of Financial Performance are:		
Employee Related Cost - Current Service Cost	813 000	738 000
Finance Charges - Interest Cost	4 898 000	5 196 000
Actuarial Loss/(Gain)	(5 816 166)	6 101 413
Net amount charged to Statement of Financial Performance	(105 166)	12 035 413

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

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	13.796	36.367	50.163	
Health care inflation				
+ 1%	16.632	39.595	56.227	12%
- 1%	11.545	33.543	45.088	-10%
Discount rate				
+ 1%	11.623	33.645	45.268	-10%
- 1%	16.565	39.522	56.087	12%
Post-retirement mortality				
+ 1 year	13.428	35.025	48.453	-3%
- 1 year	14.161	37.722	51.883	3%
Average retirement age				
- 1 year	14.984	36.367	51.351	2%
Continuation of membership at retirement				
- 10%	12.040	36.367	48.407	-4%

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	0.726	5.578	6.304	
Health care inflation				
+ 1%	0.894	6.274	7.168	14%
- 1%	0.594	4.995	5.589	-11%
Discount rate				
+ 1%	0.604	5.451	6.055	-4%
- 1%	0.882	5.714	6.596	5%
Post-retirement mortality				
+ 1 year	0.706	5.381	6.087	-3%
- 1 year	0.744	5.775	6.519	3%
Average retirement age				
- 1 year	0.780	5.714	6.494	3%
Continuation of membership at retirement				
- 10%	0.633	5.376	6.009	-5%

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
17 EMPLOYEE BENEFITS (CONTINUED)		
17.2 Long Service Awards		
The movement in Long Service Awards is reconciled as follows:		
Opening Balance	6 017 000	6 087 000
Contribution during the year	1 019 000	1 032 000
Current Service Cost	498 000	506 000
Interest Cost	521 000	526 000
Payments made	(952 587)	(433 348)
Actuarial Gain	(10 413)	(668 652)
Total balance at year-end	6 073 000	6 017 000
Less Current Portion	755 000	883 000
Total	5 318 000	5 134 000

The following members are eligible for long service bonuses:

	2022	2021
In-service members	337	315

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

	2022 R	2021 R
In-service members	6 073 000	6 017 000
Total Unfunded Liability	6 073 000	6 017 000

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

	2020 R	2019 R	2018 R
In-service members	6 087 000	5 879 921	5 346 681
Total Unfunded Liability	6 087 000	5 879 921	5 346 681

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022	2021	
	R	R	
17 EMPLOYEE BENEFITS (CONTINUED)			
Experience adjustments were calculated as follows:			
Liabilities: (Gain)/Loss	54 000	(488 000)	
Assets: Gain/(Loss)	-	-	
Experience adjustments were calculated as follows in years prior to the comparative year:			
	2020	2019	2018
	R	R	R
Liabilities: (Gain)/Loss	331 696	(49 680)	261 414
Assets: Gain/(Loss)	-	-	-
	2022	2021	
Key Actuarial Assumptions used are as follows:			
Interest Rates			
Discount rate	11.29%	9.33%	
Normal Salary Increase Rate	7.46%	5.84%	
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.57%	3.30%	
The discount rate reflects the time value of money and is approximated with reference to the market yields at reporting date on government bonds.			
Last Valuation			
The last valuation was performed on 16 July 2022.			
Actuarial Valuation Method			
The Projected Unit Credit Method has been used to value the liabilities.			
Normal and Average Retirement Age			
It has been assumed that in-service members will retire at age 62 for all employees (2021 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.			
	2022	2021	
	R	R	
The amounts recognised in the Statement of Financial Performance are:			
Employee Related Cost - Current Service Cost	498 000	506 000	
Finance Charges - Interest Cost	521 000	526 000	
Actuarial Gain	(10 413)	(668 652)	
Net amount charged to Statement of Financial Performance	1 008 587	363 348	

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	Total liability R m	% change
Liability	6.073	
General salary inflation		
+ 1%	6.469	7%
- 1%	5.716	-6%
Discount rate		
+ 1%	5.706	-6%
- 1%	6.487	7%
Average retirement age		
+ 2 years	6.923	14%
- 2 years	5.250	-14%
Withdrawal rates		
x 200 %	4.885	-20%
x 50 %	6.933	14%

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	0.545	0.644	1.189	
General salary inflation				
+ 1%	0.596	0.689	1.285	8%
- 1%	0.500	0.604	1.104	-7%
Discount rate				
+ 1%	0.504	0.656	1.160	-2%
- 1%	0.592	0.630	1.222	3%
Average retirement age				
+ 2 years	0.599	0.740	1.339	13%
- 2 years	0.488	0.551	1.039	-13%
Withdrawal rates				
x 200 %	0.376	0.510	0.886	-25%
x 50 %	0.679	0.741	1.420	19%

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

		2022	2021
		R	R
17	EMPLOYEE BENEFITS (CONTINUED)		
	17.3 Other Pension Benefits		
	Defined-Benefit Plans		
	Council contributes to the following defined-benefit plans:		
	LA Retirement Fund (former Cape Joint Pension Fund)	692 108	783 916
	The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund is in a sound financial position with a funding level of 104.9% (30 June 2020 - 100.0%).		
	Consolidated Retirement Fund (former Cape Retirement Fund)	10 985 031	10 161 207
	The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund is in a sound financial position with a funding level of 133.0%. (30 June 2020 - 132.2%)		
	Total	11 677 139	10 945 123

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

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claims that the pensioner data is confidential and is 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 2022

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.

	2022 R	2021 R
Defined Contribution Plans		
Council contributes to the following defined contribution plans:		
Municipal Councillors Pension Fund	78 789	82 941
SAMWU National Provident Fund	997 233	1 128 497
Total	<u>1 076 023</u>	<u>1 211 438</u>

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	<u>1 746 563</u>	<u>3 528 106</u>
---	------------------	------------------

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

Opening Balance	3 528 106	2 600 416
Contribution during the year	(1 781 542)	927 689
Increase/(Decrease) in estimate	(2 120 241)	667 647
Interest Cost	338 698	260 042
Total balance at year-end	<u>1 746 563</u>	<u>3 528 106</u>
Less Current Portion	-	-
Total	<u>1 746 563</u>	<u>3 528 106</u>

There is 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 2022

		2022	2021
		R	R
18	NON-CURRENT PROVISIONS (CONTINUED)		
<p>The total obligation at year-end can be attributed to the following sites:</p>			
	Expected Decommissioning Date		
Site			
Karwyderskraal - Cell 1 and 2	2084	682 118	1 387 452
Karwyderskraal - Cell 3	2084	357 961	724 814
Karwyderskraal - Cell 4	2084	612 129	1 239 149
Sub-Total		1 652 208	3 351 415
Post Monitoring and Inspection		94 355	176 691
Total		1 746 563	3 528 106

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 2084, 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 11.00 % (2021 – 9.60%).

The decrease in liability can mainly be attributed to the increase in discount rate from 9.60% to 11.00%.

	2022	2021
Estimated area to be rehabilitated (m ²)		
- 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/m²):

	2022	2021
- Cell 1 and 2	342	321
- Cell 3	351	327
- Cell 4	335	313

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
18 NON-CURRENT PROVISIONS (CONTINUED)		
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	15 765 372	14 789 595
Karwyderskraal - Cell 3	8 273 343	7 726 183
Karwyderskraal - Cell 4	14 147 772	13 208 756
Total	38 186 487	35 724 533

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 years subsequent to the decommissioning date of the facility. Karwyderskraal is expected to be decommissioned in 2084. The post monitoring and inspection cost is expected to be incurred over the period ranging from 2085 to 2114. The expected decommissioning date was extended from 2081 to 2084 in the current year due to lower than expected waste volumes received than previously estimated.

19 RESERVES		
Accumulated Surplus	86 795 893	61 323 849
Total	86 795 893	61 323 849

The Capital Replacement reserve is included in the Accumulated Surplus balance and can be reconciled as follows:

Opening Balance	4 988 500	-
Transfers to Reserves	12 505 249	4 988 500
Capital Assets Purchased	(4 493 749)	-
Closing Balance	13 000 000	4 988 500

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
20 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants - National Government	77 374 974	74 636 000
Equitable Share	77 374 974	74 636 000
Conditional Grants - National Government	5 857 874	3 928 572
Equitable Share - Disaster Relief (COVID 19)	1 185 454	1 726 546
Financial Management Grant (FMG)	1 000 000	1 000 000
Expanded Public Works Program (EPWP)	1 053 000	1 188 000
Rural Roads Asset Management System	2 619 420	14 026
Conditional Grants - Provincial Government	3 879 610	5 721 224
Health Subsidy	183 196	209 714
Other Provincial Allocations	3 696 415	5 511 511
Conditional Grants - National Departmental Agencies	302 940	86 875
Education, Training and Development Practices SETA	302 940	86 875
Total	87 415 398	84 372 671
Disclosed as:		
Revenue from Non-Exchange Transactions (Operating)	86 299 813	81 487 038
Revenue from Non-Exchange Transactions (Capital)	1 115 586	2 885 633
Total	87 415 398	84 372 671
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	78 560 428	76 362 546
Finance	7 618 775	6 612 412
Community Services	1 236 196	1 397 714
Total	87 415 398	84 372 671

The movements per grant can be summarised as follows:

20.1 Equitable Share

Grants Received	77 374 974	74 636 000
Transferred to Revenue - Operating	(77 374 974)	(74 636 000)
Closing Unspent Balance	-	-

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
20.2 Equitable Share - Disaster Relief (COVID 19)		
Opening Unspent Balance	1 185 454	-
Grants Received	-	2 912 000
Transferred to Revenue - Operating	(1 185 454)	(1 726 546)
Closing Unspent Balance	-	1 185 454
<p>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.</p>		
20.3 Financial Management Grant (FMG)		
Grants Received	1 000 000	1 000 000
Transferred to Revenue - Operating	(1 000 000)	(1 000 000)
Closing Unspent Balance	-	-
<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>		
20.4 Expanded Public Works Program (EPWP)		
Opening Unspent Balance	-	121 799
Grants Received	1 053 000	1 188 000
Transferred to Revenue - Operating	(1 053 000)	(1 188 000)
Returned to National Treasury	-	(121 799)
Closing Unspent Balance	-	-
<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>		
20.5 Rural Roads Asset Management System		
Opening Unspent Balance	2 655 974	2 807 000
Grants Received	2 708 000	2 670 000
Transferred to Revenue - Operating	(2 619 420)	(14 026)
Returned to National Treasury	(2 655 974)	(2 807 000)
Closing Unspent Balance	88 580	2 655 974

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
<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>		
20.6 Health Subsidy		
Grants Received	183 196	209 714
Transferred to Revenue - Operating	(183 196)	(209 714)
Closing Unspent Balance	<u>-</u>	<u>-</u>
<p>Health subsidies were used to fund expenditure incurred for continued benefits of primary health care personnel previously employed by the municipality.</p>		
20.7 Other Provincial Allocations and SETA		
Opening Unspent Balance	1 824 937	4 555 611
Grants Received	5 359 169	3 356 031
Transferred to Revenue - Capital	(1 115 586)	(2 885 633)
Transferred to Revenue - Operating	(2 883 769)	(2 712 752)
Returned to Provincial Treasury	-	(488 319)
Closing Unspent Balance	<u>3 184 751</u>	<u>1 824 937</u>
<p>Other Provincial Allocations includes grants such as:</p> <ul style="list-style-type: none"> - Provincial Finance Management Support Grant - SETA Training Fund - Fire Safety Plan - Human Relief Grant - Human Capacity Building Grant - Joint District and Metro Approach Grant - Local Government Public Employment Support Grant <p>Refer to Appendix D for more detail relating to Other Provincial Allocations</p>		
20.8 Total Grants		
Opening Unspent Balance	5 666 365	7 484 410
Grants Received	87 678 338	85 971 745
Transferred to Revenue - Capital	(1 115 586)	(2 885 633)
Transferred to Revenue - Operating	(86 299 813)	(81 487 038)
Returned to National Treasury	(2 655 974)	(2 928 799)
Returned to Provincial Treasury	-	(488 319)
Closing Unspent Balance	<u>3 273 331</u>	<u>5 666 365</u>

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
21 PUBLIC CONTRIBUTIONS AND DONATIONS		
Western Cape Disaster Management, Fire and Rescue Services	143 391	-
Total	143 391	-
22 CONTRIBUTED ASSETS		
ODM Training Facility Bredasdorp (Santam)	-	663 375
Western Cape Disaster Management, Fire and Rescue Services	979 894	-
Other	-	4 083
Total	979 894	667 458
<p>The contribution from the Western Cape Disaster Management, Fire and Rescue Services was made up of training equipment and training software module to be utilised by the emergency services personnel of the municipality.</p> <p>Contributions which were operating in nature were also received from the department. Refer to note 22</p>		
23 ACTUARIAL GAINS		
Post Retirement Medical Benefits	5 816 166	-
Long Service Awards	10 413	668 652
Total	5 826 580	668 652
24 ROADS MAINTENANCE SERVICES		
Roads Maintenance Services	116 094 500	124 440 834
Total	116 094 500	124 440 834
Details of roads maintenance services:		
Payable at the beginning of the year	13 180 697	5 666 345
Funds Received	106 984 178	128 105 186
Transferred to Revenue - Operating	(116 094 500)	(124 440 834)
Decrease in Current Receivable (Department of Transport and Public Works)	(3 843 166)	-
Increase/(Decrease) in Non-Current Employee Benefit Receivable	(861 000)	3 850 000
(Receivable)/Payable at the end of the year	(633 792)	13 180 697

The roads funding received is utilised to upgrade and maintain the provincial roads network in the municipal area.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
25 SERVICE CHARGES		
Landfill Revenue	9 812 384	11 843 846
Electricity	278 381	286 188
Total	10 090 765	12 130 034
<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>		
26 RENTAL OF FACILITIES AND EQUIPMENT		
Resorts	15 396 890	14 267 844
Equipment	47 227	14 233
Other	29 782	28 938
Total	15 473 899	14 311 015
27 AGENCY SERVICES		
Roads	11 500 908	11 343 148
Total	11 500 908	11 343 148
<p>The Roads agency fee relates to the roads function being performed by the municipality on behalf of the Western Cape Provincial Government.</p>		
28 OTHER INCOME		
Fire Services	3 970 186	3 923 697
Inspection Fees	171 680	113 948
Shared Services	234 899	197 266
Reduction in Rehabilitation Provision	1 668 114	-
Sundry Income	370 689	227 803
Total	6 415 568	4 462 714
<p>Disclosed as:</p>		
Revenue From Non-Exchange Transactions	1 668 114	-
Revenue From Exchange Transactions	4 747 454	4 462 714
Total	6 415 568	4 462 714

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.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
29 REVERSAL OF DEBT IMPAIRMENT		
Receivables from exchange transactions	1 403 916	-
Total	1 403 916	-
30 GAIN ON DISPOSAL OF INVESTMENT PROPERTY		
Gain on disposal of Investment Property	11 724 380	-
Total	11 724 380	-
31 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	76 070 613	71 278 638
Bonus	5 859 406	5 601 630
Performance Bonus	124 058	123 618
Pension Fund Contributions	12 633 184	12 029 941
Medical Aid Contributions	4 538 026	4 467 181
Motor Vehicle Allowance	3 663 457	3 609 542
Overtime	4 047 408	2 927 040
UIF Contributions	674 539	593 667
Cellphone Allowance	430 640	416 056
Housing Allowances	274 849	710 821
Standby Allowance	3 583 848	3 239 531
Group Life Insurance	3 876 988	2 702 555
Bargaining Council Levy	42 704	39 560
Workmen's Compensation Contributions	563 884	578 490
Leave Contributions	722 172	1 307 137
Long service awards	498 000	506 000
Post Retirement Medical Benefits	813 000	738 000
Total	118 416 776	110 869 408

Remuneration of Key Personnel

Key personnel are appointed on fixed term contracts.

Remuneration of the Municipal Manager - DP Beretti (Appointed 18 November 2013 up to 31 October 2021)

Basic Salary	484 866	1 454 597
Pension and UIF Contributions	708	1 898
Motor Vehicle Allowance	52 000	156 000
Housing Allowance	1 504	4 738
Cellphone Allowance	6 000	18 000
Total	545 078	1 635 233

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022	2021
	R	R
31 EMPLOYEE RELATED COSTS (CONTINUED)		
Remuneration of the Acting Municipal Manager - NL Kruger (1 November 2021 up to 31 January 2022)		
Basic Salary	237 141	-
Acting Allowance	84 573	-
Pension and UIF Contributions	531	-
Motor Vehicle Allowance	16 500	-
Housing Allowance	195	-
Cellphone Allowance	4 500	-
Total	343 440	-
Remuneration of the Acting Municipal Manager - PA Oliver (1 February 2022 up to 31 May 2022)		
Basic Salary	271 388	-
Acting Allowance	112 763	-
Pension and UIF Contributions	45 564	-
Motor Vehicle Allowance	22 000	-
Housing Allowance	205	-
Cellphone Allowance	6 000	-
Total	457 920	-
Remuneration of the Municipal Manager - RG Bosman (Appointed 1 June 2022)		
Basic Salary	86 500	-
Pension and UIF Contributions	14 487	-
Motor Vehicle Allowance	6 000	-
Housing Allowance	13	-
Cellphone Allowance	2 000	-
Total	109 000	-
Total Cost - Municipal Manager	1 455 438	1 635 233
Remuneration of the Chief Financial Officer - CF Hoffmann (1 July 2020 to 31 December 2020)		
Basic Salary	-	471 282
Performance Bonus	-	76 073
Pension and UIF Contributions	-	892
Motor Vehicle Allowance	-	34 200
Housing Allowance	-	645
Cellphone Allowance	-	3 000
Other benefits and allowances	-	1 716
Total	-	587 808

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
31 EMPLOYEE RELATED COSTS (CONTINUED)		
Remuneration of the Acting Chief Financial Officer - NL Kruger (11 January to 30 June 2021)		
Basic Salary	-	396 628
Pension and UIF Contributions	-	1 006
Motor Vehicle Allowance	-	30 000
Housing Allowance	-	331
Cellphone Allowance	-	2 836
Total	-	430 800
Remuneration of the Chief Financial Officer - NL Kruger (Appointed on 1 July 2021)		
Basic Salary	711 423	-
Performance Bonus	47 986	-
Pension and UIF Contributions	1 594	-
Motor Vehicle Allowance	49 500	-
Housing Allowance	586	-
Cellphone Allowance	13 500	-
Other benefits and allowances	-	-
Total	824 588	-
Remuneration of the Acting Chief Financial Officer - CF Hoffmann (2 November 2021 to 1 December 2021)		
Basic Salary	69 937	-
Pension and UIF Contributions	177	-
Motor Vehicle Allowance	5 300	-
Housing Allowance	48	-
Cellphone Allowance	500	-
Total	75 962	-
Remuneration of the Acting Chief Financial Officer - Z Van Rooyen (2 December 2021 to 31 January 2022)		
Basic Salary	137 574	-
Pension and UIF Contributions	354	-
Motor Vehicle Allowance	10 426	-
Housing Allowance	95	-
Cellphone Allowance	984	-
Total	149 433	-
Total Cost - Chief Financial Officer	1 049 984	1 018 608

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
31 EMPLOYEE RELATED COSTS (CONTINUED)		
Remuneration of the Director Community Services - PA Oliver (6 June 2018 to 30 June 2022)		
Basic Salary	542 776	814 163
Performance Bonus	76 073	47 545
Pension and UIF Contributions	91 129	136 466
Motor Vehicle Allowance	44 000	65 000
Housing Allowance	409	841
Cellphone Allowance	12 000	18 000
Total	766 386	1 083 016

The prior year disclosure were updated to remove subsistence and travel allowances incorrectly included as part of disclosure.

32 REMUNERATION OF COUNCILLORS		
Annual Remuneration	4 068 813	4 072 482
Pension Contributions	123 696	128 369
Motor Vehicle Allowance	1 250 772	1 251 272
Cellphone Allowance	428 227	399 600
Total	5 871 509	5 851 723

In-kind Benefits

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

Remuneration detail of Councillors

Councillors in office before and after elections on 8 November 2021

Mayor	AE Franken	892 357	938 250
Deputy Mayor	HD Coetzee	711 137	714 787
Speaker	LM De Bruyn	726 977	759 478
Mayoral Committee	SH Fourie	336 191	327 270
Direct	AG Klaas	480 812	759 478
Direct	R Brinkhuys	216 523	14 342
Direct	NM Sapepa	214 716	10 440

Incoming Councillors on 8 November 2021

Mayoral Committee	M Nomatiti	219 785	-
Mayoral Committee	JGA Nieuwoudt	219 785	-

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

		2022 R	2021 R
32	REMUNERATION OF COUNCILLORS (CONTINUED)		
	Mayoral Committee	15 159	-
	Direct	211 007	-
	Direct	211 007	-
	Direct	211 007	-
	Direct	211 007	-
	Part Time	5 947	-
	Part Time	5 947	-
	Part Time	5 947	-
	Part Time	5 945	-
	Part Time	8 826	-
	Part Time	8 826	-
	Part Time	9 929	-
	Part Time	13 239	-
	Part Time	13 239	-
	Outgoing Councillors on 8 November 2021		
	Mayoral Committee	141 375	397 957
	Mayoral Committee	141 375	268 785
	Mayoral Committee	137 666	256 138
	Direct	116 263	327 270
	Direct	116 263	327 270
	Direct	116 263	321 966
	Direct	116 263	327 270
	Part Time	9 869	27 779
	Part Time	3 709	10 440
	Part Time	3 709	10 440
	Part Time	1 540	-
	Part Time	870	10 440
	Part Time	4 413	15 445
	Part Time	3 310	6 619
	Part Time	3 310	13 239
	Part Time (Up to October 2020)	-	6 619
	Total	5 871 509	5 851 723
33	DEBT IMPAIRMENT		
	Receivables from exchange transactions	66 049	63 456
	Receivables from non-exchange transactions	1 291	3 944
	Total	67 340	67 400
34	DEPRECIATION AND AMORTISATION		
	Property, Plant and Equipment	3 570 949	3 095 020
	Intangible Assets	3 674	5 932
	Total	3 574 623	3 100 953

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
35	IMPAIRMENT	
	-	729 854
	Property, Plant and Equipment	
	-	729 854
	Total	
36	ACTUARIAL LOSSES	
	-	6 101 413
	Post Retirement Medical Benefits	
	-	6 101 413
	Total	
37	FINANCE CHARGES	
	2 315 325	2 661 708
	Annuity Loans	
	316 559	-
	Finance Lease Liabilities	
	338 698	260 042
	Rehabilitation Provision - Landfill Sites	
	4 898 000	5 196 000
	Post Retirement Medical Benefits	
	521 000	526 000
	Long Service Awards	
	8 389 581	8 643 749
	Total	
38	BULK PURCHASES	
	329 260	765 947
	Electricity	
	329 260	765 947
	Total	
39	CONTRACTED SERVICES	
	892 276	1 053 562
	Accounting, Business and Financial Management	
	120 887	116 498
	Audit Committee	
	34 786	33 200
	Burial Services	
	1 214 166	1 203 893
	Contractors - Maintenance of Buildings and Facilities	
	441 486	336 669
	Contractors - Maintenance of Equipment	
	2 030 183	3 310 503
	Contractors - Maintenance of Unspecified Assets	
	3 294 298	2 213 344
	Fire Services	
	690 931	232 491
	Human Resources	
	483 656	367 760
	Laboratory Services	
	6 014 473	4 545 984
	Landfill site operational & maintenance	
	1 322 588	382 730
	Legal Cost	
	61 995	48 690
	Occupational Health and Safety	
	2 721 125	1 267 886
	Outsourced Labour (EPWP/COVID Co-funding)	
	2 295 495	12 869
	Project Management	
	2 492 784	1 982 986
	Security Services	
	153 522	98 045
	Other	
	24 264 649	17 207 111
	Total	

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
40 TRANSFERS AND GRANTS		
Bursaries	399 383	680 000
Total	399 383	680 000
41 OTHER EXPENDITURE		
Advertising, Publicity and Marketing	584 651	410 492
Audit Fees	3 182 238	3 336 784
Alien Vegetation Control	360 141	629 605
Bank Charges, Facility and Card Fees	133 875	138 016
Blades	710 722	571 248
Bursaries	148 676	80 175
Catering and Refreshments	34 689	26 376
Cleaning materials	48 689	35 534
Equipment Rental	8 196 571	8 298 459
Freight Services	39 505	91 275
Fuel Cost	19 365 489	12 977 946
Hire Charges	22 400	56 125
Insurance	1 526 421	1 050 856
IT Services and Software Licences	2 282 661	2 181 398
Materials	28 344 192	39 179 744
Management Fee	8 758	9 091
Membership Fees	1 143 436	1 102 639
Motor Vehicle Licence and Registrations	96 416	85 669
Municipal services	6 272 005	6 391 060
Office rental	588 910	468 868
Oil and Tyres	2 754 607	3 325 683
Printing, Publications and Stationery	253 361	454 705
Safety clothes	1 650 568	1 763 729
Skills development levy	1 164 518	912 910
Telephone and Postage	1 670 220	1 867 375
Training and Workshops	219 813	31 276
Travel and subsistence	1 411 989	982 688
General Expenses	72 918	71 370
Total	82 288 442	86 531 093
42 LOSS ON DISPOSAL OF ASSETS		
Property Plant and Equipment	807 388	322 473
Total	807 388	322 473

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022	2021
	R	R
43 REPAIRS AND MAINTENANCE		
The following expenditure relating to repairs and maintenance projects were identified by the municipality:		
Contracted Services	10 240 163	8 940 288
Other Expenditure	423 116	383 591
Total	10 663 278	9 323 879
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)	8 002 969	5 414 465
Machinery and Equipment	725 973	904 875
Vehicles	1 934 337	3 004 540
Total	10 663 278	9 323 879

44 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3

44.1 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Balance Previously Reported	9 529 065
Correction of reimbursable amounts previously not claimed from the Department of Transport and Public Works up to 30 June 2020 (Unpaid PEMA and LSA Claims) - Refer to note 44.6	(3 455 405)
Correction of Impairment relating reimbursable amounts previously not claimed from the Department of Transport and Public Works up to 30 June 2020 (Unpaid PEMA and LSA Claims) - Refer to note 44.6	338 917
Restated Balance on 30 June 2021	6 412 577

44.2 TAXES

Balance Previously Reported	(627 982)
VAT incorrectly not claimed on expenditure relating to the Roads Function since 30 June 2019	13 119 125
Effect up to 30 June 2020 - Refer to note 44.6	5 415 975
Effect during 2020/21 - Refer to note 44.7	7 703 150
Restated Balance on 30 June 2021	12 491 143

The municipality also removed the contingent liability amounting to R 28 726 168 which was previously reported in note 57.

This contingent liability previously represented VAT claims relating to the roads function up to 30 June 2019. The municipality resumed VAT claims from 1 July 2019 up to year end. While claims relating to the 2020/2021 and 2021/2022 financial year were not yet settled during the reporting period, the claim relating to 2019/2020 financial year was subject to verification by SARS before its was successfully settled on 30 June 2022.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

		2021
		R
44	PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)	
	44.3 PROPERTY PLANT AND EQUIPMENT	
	Balance Previously Reported	66 897 001
	Account for asset previously incorrectly included/excluded on 30 June 2020 - Refer to note 44.6	25 201
	Effect on Buildings (Cost)	(7 456)
	Effect on Computer Equipment (Cost)	3 171
	Effect on Furniture and fittings (Cost)	37 114
	Effect on Machinery and equipment (Cost)	(590)
	Effect on Office equipment (Cost)	101
	Effect on Buildings (Accumulated Depreciation)	2 467
	Effect on Computer Equipment (Accumulated Depreciation)	(296)
	Effect on Furniture and fittings (Accumulated Depreciation)	(11 404)
	Effect on Machinery and equipment (Accumulated Depreciation)	370
	Effect on Office equipment (Accumulated Depreciation)	1 723
	Account for asset previously incorrectly included/excluded on 30 June 2021 - Refer to note 44.7	(24 262)
	Effect on Furniture and fittings (Cost Disposals)	(95 403)
	Effect on Machinery and equipment (Cost Disposals)	(28 561)
	Effect on Office equipment (Cost Disposals)	(5 035)
	Effect on Furniture and fittings (Accumulated Depreciation Disposals)	76 148
	Effect on Machinery and equipment (Accumulated Depreciation Disposals)	28 293
	Effect on Office equipment (Accumulated Depreciation Disposals)	2 994
	Effect on Buildings (Accumulated Depreciation)	249
	Effect on Computer Equipment (Accumulated Depreciation)	(412)
	Effect on Furniture and fittings (Accumulated Depreciation)	(2 372)
	Effect on Machinery and equipment (Accumulated Depreciation)	34
	Effect on Office equipment (Accumulated Depreciation)	(197)
	Restated Balance on 30 June 2021	66 897 940
	44.4 PAYABLES FROM EXCHANGE TRANSACTIONS	
	Balance Previously Reported	19 102 857
	Reversal of duplicated accrual on 30 June 2021 - Refer to note 44.7	(27 501)
	Restated Balance on 30 June 2021	19 075 356

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

		2021 R
44	PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)	
	44.5 CAPITAL REPLACEMENT RESERVE	
	Balance Previously Reported	4 988 500
	The Capital Replacement Reserve incorrectly disclosed on the face of the financial statements - Refer to note 44.6	(4 988 500)
	Restated Balance on 30 June 2021	<u><u>-</u></u>
	44.6 ACCUMULATED SURPLUS	
	Balance Previously Reported	46 304 272
	Prior Period adjustments relating to 2020/21 - Refer to note 44.7	7 706 389
	The Capital Replacement Reserve incorrectly disclosed on the face of the financial statements - Refer to note 44.5	4 988 500
	Prior Period Adjustments up to 30 June 2020	2 324 688
	Correction of reimbursable amounts previously not claimed from the Department of Transport and Public Works up to 30 June 2020 (Unpaid PEMA and LSA Claims) - Refer to note 44.1	(3 455 405)
	Correction of impairment relating reimbursable amounts previously not claimed from the Department of Transport and Public Works up to 30 June 2020 (Unpaid PEMA and LSA Claims) - Refer to note 44.1	338 917
	VAT incorrectly not claimed on expenditure relating to the Roads Function since 30 June 2019 - Refer to note 44.2	5 415 975
	Account for asset previously incorrectly included/excluded on 30 June 2020 - Refer to note 44.3	25 201
	Restated Balance on 30 June 2021	<u><u>61 323 849</u></u>
	44.7 STATEMENT OF FINANCIAL PERFORMANCE	
	Surplus Previously Reported	6 638 449
	Employee Related Costs	2 001 151
	Travel Claims incorrectly included as part of Travel Allowances	813 151
	Short Term Employment contracts (Outsourced Labour) incorrectly included as part of Employee Related Costs	1 188 000
	Remuneration of Councillors	118 236
	Travel Claims incorrectly included as part of Travel Allowances	118 236
	Depreciation and Amortisation	(2 698)
	Account for asset previously incorrectly included/excluded on 30 June 2021 - Refer to note 44.3	(2 698)

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2021 R
44 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)	
Contracted Services	(1 086 289)
VAT incorrectly not claimed on expenditure relating to the Roads Function since 30 June 2019 - Refer to note 44.2	101 711
Short Term Employment contracts (Outsourced Labour) incorrectly included as part of Employee Related Costs	(1 188 000)
Other Expenditure	6 697 553
VAT incorrectly not claimed on expenditure relating to the Roads Function since 30 June 2019 - Refer to note 44.2	7 601 439
Travel Claims incorrectly included as part of Travel Allowances (Employee Related Cost and Remuneration of Councillors)	(931 387)
Reversal of duplicated accrual on 30 June 2021 - Refer to note 44.4	27 501
Allocation error - Printing, Publications and Stationery	253 007
Allocation error - Materials	(253 007)
Loss on Disposal of Assets	(21 564)
Account for asset previously incorrectly included/excluded on 30 June 2021 - Refer to note 44.3	(21 564)
Restated Surplus on 30 June 2021	<u>14 344 838</u>

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

45	NET CASH FROM/(USED) OPERATING ACTIVITIES	2022 R	2021 R
	Net Surplus for the year	25 472 045	14 344 838
	Adjusted for:		
	Non-Cash Revenue	(21 746 276)	(1 336 110)
	Actuarial Gains	(5 826 580)	(668 652)
	Reduction in Landfill Site Provision	(1 668 114)	-
	Reversal of Debt Impairment	(1 403 916)	-
	Public Contributions and Donations	(143 391)	-
	Contributed Assets	(979 894)	(667 458)
	Gain on disposal of Investment Property	(11 724 380)	-
	Non-Cash Expenditure	10 382 199	16 304 134
	Debt Impairment	67 340	67 400
	Depreciation and Amortisation	3 574 623	3 100 953
	Impairment	-	729 854
	Actuarial losses	-	6 101 413
	Finance Charges	5 757 698	5 982 042
	Stock Adjustments	31 759	-
	Loss on disposal of Assets	807 388	322 473
	Public Contributions and Donations	143 391	-
	Contributions - Provisions and Employee Benefits	7 892 578	8 152 767
	Post Retirement Medical Benefits	813 000	738 000
	Long Service Awards	498 000	506 000
	Bonuses	5 859 406	5 601 630
	Staff Leave	722 172	1 307 137
	Expenditure - Provisions and Employee Benefits	(10 688 363)	(10 418 048)
	Post Retirement Medical Benefits	(3 233 834)	(3 051 413)
	Long Service Awards	(952 587)	(433 348)
	Bonuses	(5 586 810)	(5 668 006)
	Staff Leave	(915 133)	(1 265 282)
	Non-Cash Movement in Employee Benefit Receivable	861 000	(3 850 000)
	Other adjustments	(2 655 974)	(3 417 118)
	Grants Returned to National Treasury	(2 655 974)	(2 928 799)
	Grants Returned to Provincial Treasury	-	(488 319)
	Operating Surplus before changes in working capital	9 517 209	19 780 463
	Movement in working capital	(12 416 492)	6 298 724
	Receivables from exchange and non-exchange transactions	1 614 896	5 776 858
	Inventory	(754 199)	(450 359)
	Payables from exchange transactions	(14 056 657)	9 110 169
	Unspent Conditional Government Grants	262 940	1 599 073
	Taxes	516 528	(9 737 017)
	Cash Flow from/(used) Operating Activities	(2 899 283)	26 079 187

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022	2021
	R	R
46 CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	1 926 550	14 234 112
Call and Notice Deposits	43 003 553	41 839 617
Cash Floats	1 800	1 800
Total	44 931 903	56 075 529

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

47 BUDGET COMPARISONS

47.1 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 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 (including Taxes if in receivable position).

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 (if in payable position).

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

The Capital Replacement Reserve are budgeted for separately as part of Reserves while it is disclosed as part of Accumulated Surplus in the Statement of Financial Position.

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 2022

47 BUDGET COMPARISONS (CONTINUED)

The budget statements do not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for are incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consists of the following line items - Public Contributions and donations, Other Income, Actuarial Gains, Reversal of Debt Impairment, Reversal of Impairments, and 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 do not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for are incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consists of the following line items - Other Expenditure, 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 Performance	Reclassification due to mSCOA versus GRAP classification	Per Budget Comparison
	R	R	R
Revenue			
Rental of facilities and equipment	15 473 899	(3 016 187)	12 457 712
Other Income (As aggregated above)	12 182 642	4 684 301	16 866 943

The reclassification relating to revenue is for 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	118 416 776	4 334 116	122 750 891
Finance charges	8 389 581	(4 898 000)	3 491 581
Inventory Consumed	-	50 515 644	50 515 644
Contracted Services	24 264 649	274 692	24 539 341
Other Expenditure	82 320 201	(50 226 452)	32 093 749

The reclassification relating to expenditure is for 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. Inventory Consumed is included as part of Other Expenditure for GRAP purposes while separately disclosed in mSCOA.

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 2022

47 BUDGET COMPARISONS (CONTINUED)

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

The budget statement does not provide for all the different receipt classifications as per the cash flow statement. Roads Maintenance Services is separately disclosed on the 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 the Cash Flow Statement.

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

Budget Adjustments

None

47.2 MATERIAL VARIANCES

Statement of financial position - Budget Adjustments

None

Statement of financial position - Budget versus Actual

Cash and Call Investment Deposits	Improved cash management procedures to ensure that maximum amount is invested at all times. Lower cash balance at year end due decrease in Roads Payable at year-end.
Other Receivables	Variance due to the significant outstanding VAT receivable on 30 June 2022 relating to the Roads Function. Claims relating to the 2020/2021 (R 7 703 150) and 2020/2022 (R 6 067 555) year still outstanding with only the claim relating to 2019/2020 being settled before 30 June 2022. Included in Other Debtors are land sale debtors amounting to R 12 million, which was not budgeted for as outstanding at year-end.
Trade and other payables	Significant reduction in Roads Maintenance Payable which ended in a receivable in the current year. This significant reduction was not anticipated during the budget compilation and can mainly be attributed to increase in costs. In recent years, the municipality always had a significant advance on 30 June.
Provisions and Employee Benefits (Non-Current)	Variance mainly due to significant actuarial gains which was not fully incorporated in the budgeted figures.
Accumulated Surplus	Variance mainly due to the resumption of VAT claimed on Roads Maintenance Function (effectively from 1 July 2019) which was not budgeted for.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

47 BUDGET COMPARISONS (CONTINUED)

Reserves	Additional allocation to the reserve due to additional uncommitted cash available on 30 June 2022.
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Statement of financial performance - Budget Adjustments

None

Statement of financial performance - Budget versus Actual

Other Revenue	Decrease in landfill Site provision (R 1.7 million), reversal of debt impairment (R1.4 million) not budgeted for. Actuarial Gains not fully accounted for in budget.
Employee related costs	Variance mainly due to vacancies not filled in line with budget expectations.
Inventory Consumed	Variance mainly due to the resumption of VAT claimed on Roads Maintenance Function expenditure not budgeted for.
Contracted Services	Variance mainly due to the resumption of VAT claimed on Roads Maintenance Function expenditure not budgeted for. The SCM court ruling relating to preferential procurement also contributed to the underspending.
Other Expenditure	Variance mainly due to the resumption of VAT claimed on Roads Maintenance Function expenditure not budgeted for. The SCM court ruling relating to preferential procurement combined with savings also contributed to the underspending.

Cash Flow Statement - Budget Adjustments

None

Cash Flow Statement - Budget versus Actual

Other Revenue	Budgeted figure incorrectly included Actuarial Gains amounting to R 4 million as a cash flow item.
Government - Operating	RAMS roll over from prior year (R 2.655 million) deducted from Equitable Share Allocation as well as Receivable from Department of Transport and Public Works (R 3.843 million) recovered in the current year which was not budgeted for.
Suppliers and Employees	The SCM court ruling relating to preferential procurement, savings and vacancies contributed to underspending. Also refer to Actuarial Gains which were not included in this line item per budget.
Proceeds on disposal of Assets	R 12 million debtor relating to property sales which was not budgeted for.
Cash and Cash Equivalents	Refer to reasons provided elsewhere in note above

Refer to Appropriations Statement in note 63 for details relating to the original approved budget.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
48		
48.1 UNAUTHORISED EXPENDITURE		
Unauthorised expenditure consist out of the following:		
Opening balance	3 632 595	-
Unauthorised expenditure current year - operating	-	3 608 744
Unauthorised expenditure current year - capital	1 416 437	23 851
Approved by Council	(3 632 595)	-
Unauthorised expenditure awaiting approval	1 416 437	3 632 595

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.

	2022 (Actual) R	2022 (Final Budget) R	2022 (Unauthorised) R
Unauthorised expenditure - Operating			
Municipal Manager	15 938 757	18 878 049	-
Corporate Services	11 132 669	14 528 655	-
Finance	25 030 231	31 592 978	-
Community Services	192 339 052	199 067 353	-
Total	244 440 709	264 067 035	-
Unauthorised expenditure - Capital			
Municipal Manager	261 684	3 100	258 584
Corporate Services	1 844 208	917 700	926 508
Finance	476 345	245 000	231 345
Community Services	5 975 097	6 011 600	-
Total	8 557 334	7 177 400	1 416 437

The actual capital expenditure excludes the contributed assets valued at R 979 894 received from Western Cape Disaster Management, Fire and Rescue Services - Refer to note 22

The unauthorised expenditure (Capital) relates to the new finance lease agreement that was entered into in the current year. This contract was budgeted for as operating expenditure as the initial assessment of the contract indicated that the agreement will be an operating lease agreement. Furthermore, the unauthorised expenditure is also non-cash in nature.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
48 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)		
48.2 FRUITLESS AND WASTEFUL EXPENDITURE		
Fruitless and wasteful expenditure consist out of the following:		
Opening balance	-	20 866
Approved by Council	-	(20 866)
Fruitless and wasteful expenditure awaiting approval	-	-

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

48.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

Opening balance	1 932 492	5 544 853
Irregular expenditure incurred	2 531 180	6 819 221
Approved by Council	(1 932 492)	(10 431 583)
Irregular expenditure awaiting approval	2 531 180	1 932 492
Details of Irregular expenditure incurred :		
Local content not applied to procurement process	-	1 517 573
Invalid Deviation - Karwyderskraal Annuity Loan (Interest)	2 315 325	2 661 708
Non-compliance i.r.o SCM procurement processes	-	9 807
Exceed Variation/Expansion of Contract	215 855	-
3 Quotations not obtained	-	183 035
Suppliers Tax status not in order	-	231 884
Regulation 32 Contracts	-	2 215 215
Total	2 531 180	6 819 221

The Regulation 32 Irregular expenditure relates to awards made in previous financial years. No new Regulation 32 awards were made during 2020/21 and 2021/22.

The Invalid Deviation resulting in the irregular expenditure will be included in the financial statements up to the 2026/27 financial year when the related long term loan is fully repaid.

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
49		
49.1 Salga Contributions [MFMA 125 (1)(b)]		
Opening balance	(836 632)	(815 157)
Expenditure incurred	1 108 845	1 094 034
Payments	(1 088 852)	(1 115 509)
Payments in advance	(816 639)	(836 632)
49.2 Audit Fees [MFMA 125 (1)(c)]		
Opening balance	-	-
Expenditure incurred	3 182 238	3 336 784
External Audit - Auditor-General	3 182 238	3 336 784
Payments	(3 182 238)	(3 336 784)
Outstanding Balance	-	-
49.3 VAT [MFMA 125 (1)(c)]		
Opening balance	12 438 980	4 317 264
Amounts received during the year	(6 323 902)	(1 053 977)
Amounts paid during the year	1 324 676	3 834 288
Amounts claimable from SARS	5 923 407	5 341 405
Outstanding Balance	13 363 161	12 438 980
VAT in suspense due to cash basis of accounting	(1 388 547)	52 162

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 2022

	2022 R	2021 R
49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)		
49.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]		
Payments due to SARS	19 127 052	17 811 030
Payments	<u>(19 127 052)</u>	<u>(17 811 030)</u>
Outstanding Balance	<u> -</u>	<u> -</u>
49.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]		
Payments due to pension fund and medical aid	26 774 565	25 711 516
Payments	<u>(26 774 565)</u>	<u>(25 711 516)</u>
Outstanding Balance	<u> -</u>	<u> -</u>
49.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(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).		
49.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM		
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	24 859	18 536
Between R 10 000 and R 30 000	19 493	27 456
Between R 30 000 and R 200 000	374 121	438 635
Above R 200 000	583 696	785 000
Total	<u>1 002 169</u>	<u>1 269 626</u>
Deviations by Nature:		
Sole Supplier	71 356	31 573
Emergency	6 762	104 612
Exceptional Case	924 050	1 133 442
Total	<u>1 002 169</u>	<u>1 269 626</u>

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
49		
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)		
49.8 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE		
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):		
Bredasdorp Square	6 250	-
Brima Logistics	38 078	106 367
FG Jacobs Transport	131 401	-
JPCE (Pty) Ltd	726 948	785 000
Lukhozi Consulting Engineers (Pty) Ltd	141 500	-
Max Internet Technologies CC	93 913	-
Metsy Motors	406 296	432 469
NCC Environmental Services (Pty) Ltd	226 489	74 555
Piston Power	772 272	513 766
S Valentine t/a Valentine Bouers	60 200	-
SMEC South Africa (Pty) Ltd	2 320 117	-
Sydney Amanzi Management Solutions	-	5 150
Tracey Lee Dennis	34 048	-
Tune Up Centre	9 799	-
Water Solutions Southern Africa (Pty) Ltd	-	38 245
Total	4 967 310	1 955 552

Further disclosure relating to the suppliers above:

Supplier	Full name of family member and relationship	Organ of State	Capacity of family member
Bredasdorp Square (Juanita Jacobs)	Christiaan Johannes Jacobs (Child)	Cape Agulhas Municipality	Councillor
Brima Logistics (Tshepo Mokholo)	Matsietsi Mokholo (Spouse)	The Presidency	Deputy Director General Corporate Management
FG Jacobs Transport (Charmaine Poole)	Herman Poole (Spouse)	Department of Education	Educator
JPCE (Pty) Ltd (Jorina Minnie)	Johan Minnie (Spouse)	City of Cape Town	Head: Operations Centre and Systems Integration
Lukhozi Consulting Engineers (Pty) Ltd (Duane Clinton Kennedy)	Gail Kennedy (Spouse)	SAPS	Chief Administration Clerk
Max Internet Technologies CC (Johannes Jurie Steenekamp)	Riana Steenekamp (Spouse)	Overstrand Municipality	Media & Social Media Liaison Officer

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

49

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

		2022 R	2021 R
Metsy Motors CC (Donovan Jones)	Gary Jones (Child) and Judy Jones (Child)	Department of Agriculture and Department of Education respectively	Technologist and Educator respectively
NCC Environmental Services (Pty) Ltd (Linden Rhoda)	Chandre Rhoda (Spouse)	City of Cape Town	Head of Invasive Species - Westlake Biodiversity Centre
Piston Power (Ujesh Andhee)	Nadira Andhee (Spouse)	Department of Education	Educator
S Valentine t/a Valentine Bouers (Sarel Valentine)	Louise Valentine (Spouse)	Department of Education	Educator
SMEC South Africa (Pty) Ltd (Dr. M Phosa)	Yvonne Phosa (Spouse)	Parliament	Member
Sydney Amanzi Management Solutions (Sydney Armoed)	Enslin Armoed (Child)	Knysna Municipality	Supervisor: Water Department
Tracey Lee Dennis	Michael Dennis (Spouse)	Cape Agulhas Municipality	Housing Manager
Tune Up Centre (M L Swart)	Carlene Swart (Spouse)	SAPS	Station Commander
Water Solutions Southern Africa (Pty) Ltd (Mr Charles Zwane)	Mrs. Thembi Zwane (Spouse)	Ekurhuleni Metro Municipality	Administration Officer Solid Waste Department

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CAPITAL COMMITMENTS

	2022 R	2021 R
Commitments in respect of Capital Expenditure:	1 174 133	668 458
Approved and contracted for:		
Ford Ranger 2.2 TDCi	465 240	-
Two Way Radio Network	-	668 458
100 KVA Generator	584 267	-
Power Edge Server	124 625	-
Total	1 174 133	668 458
This expenditure will be financed from:		
Internally Generated Funds	1 174 133	-
Provincial Grant Funding	-	668 458
Total	1 174 133	668 458

All commitments are disclosed inclusive of VAT.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

51 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.

51.1 Credit Risk

The following financial assets are exposed to credit risk:

	2022	2021
	R	R
Cash and Cash Equivalents	44 931 903	56 075 529
Receivables from exchange transactions	15 734 047	5 575 945
Receivables from non-exchange transactions	534 087	515 734
Total	61 200 037	62 167 208

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.

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.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

51 FINANCIAL RISK MANAGEMENT (CONTINUED)

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:

	2022 R	2021 R
Electricity	3 239	1 920
Water	3 726	4 334
Housing rental	14 723	16 193
Sundry Debtors	1 466 317	1 245 913
Legal Fees	10 218	13 202
Total	1 498 224	1 281 563

These receivables can be aged as follows:

	2022	2021
1 Month Past due	327 391	331 736
2 Months Past due	174 334	164 357
3 Months Past due	91 390	296 629
> 3 Months Past due	905 109	488 841
Total	1 498 224	1 281 562

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.

51.2 Currency risk (Market Risk)

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

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

51.3 Interest rate risk (Market Risk)

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

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022 R	2021 R
51 FINANCIAL RISK MANAGEMENT (CONTINUED)		
The following balances are exposed to interest rate fluctuations:		
Cash and Cash Equivalents (Excluding Cash on Hand)	44 930 103	56 073 729
Long-term Liabilities (Including Current Portion)	(21 220 106)	(22 211 463)
Net balance exposed	23 709 997	33 862 266

Potential effect (which is based on management's 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% (2021 - 0.5%) increase in interest rates	118 550	169 311
0.5% (2021 - 0.5%) decrease in interest rates	(118 550)	(169 311)

Management does not foresee significant interest rate movements during the next 12 months.

51.4 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:

30 JUNE 2022	PAYABLE (R)		
	Within 1 Year	Two to five years	After five years
Annuity Loans	5 611 160	18 236 271	-
Finance Lease Liabilities	1 191 900	1 463 140	-
Payables from exchange transactions	4 300 453	-	-
Total	11 103 513	19 699 411	-
30 JUNE 2021	PAYABLE (R)		
	Within 1 Year	Two to five years	After five years
Annuity Loans	5 611 160	22 444 642	1 402 790
Payables from exchange transactions	18 408 339	-	-
Total	24 019 500	22 444 642	1 402 790

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	2022	2021
	R	R
51 FINANCIAL RISK MANAGEMENT (CONTINUED)		
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.		
51.5 Other price risk (Market Risk)		
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.		
The municipality is not exposed to any other price risk.		
52 FINANCIAL INSTRUMENTS		
The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)		
<u>Financial Assets</u>		
Cash and Cash Equivalents	44 931 903	56 075 529
Receivables from exchange transactions	15 734 047	5 575 945
Receivables from non-exchange transactions	534 087	515 734
Total	61 200 037	62 167 208
<u>Financial Liabilities</u>		
Current Portion of Long-term Liabilities	4 630 732	3 295 836
Payables from exchange transactions	4 300 453	18 408 339
Long-term Liabilities	16 589 374	18 915 627
Total	25 520 559	40 619 802
53 STATUTORY RECEIVABLES		
Taxes		
VAT Refundable from SARS	(13 363 161)	(12 438 980)
Total	(13 363 161)	(12 438 980)

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

54 EVENTS AFTER REPORTING DATE

None

55 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 and 2021/2022).

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 a resort (Uilenkraalsmond) 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 a Local Government Support Programme (2020/21 only).

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

56 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

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

57 CONTINGENT LIABILITIES

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

- 57.1 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. The review application was argued and heard virtually by Judge La Grange, the resident Cape Town Labour Court Judge on Monday 29 November 2021. The Judge reserved judgment and advised that he would try and get the judgment out by end January 2022- he had a backlog of reserved judgments and was dealing with them in chronological order. After six months, judgement is still awaited and a written enquiry was send to the Registrar on 7 June 2022, signed by both legal Counsels on which no response was received to date. In anticipation of the judgement, management is still confident that the adverse award will be overturned.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

58 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 Personnel and Councillors are disclosed in notes 31 and 32

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

59 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.

60 IMPACT OF COVID-19 ON FINANCIAL SUSTAINABILITY

A National State of Disaster was declared in terms of the Disaster Management Act, 2002 (Act No. 57 of 2002), and published in Government Gazette No. 43096 on 15 March 2020 due to a SARS-CoV-2 viral pandemic (commonly known as Covid-19). The National State of Disaster was ended during the current financial year.

The Municipality's financial impact of the COVID-19 pandemic amounted to R 1 726 546 for the 2020/2021 financial year, which was funded from the R2 912 000 additional portion of equitable share that was allocated to the municipality. The unspent portion of R 1 185 454 was successfully rolled over to the 2021/2022 financial year. This roll over grant was fully spent during 2021/2022 on Covid-19 related activities and contributed to the total expenditure incurred during 2021/2022 which amounted to R 1 692 269.

61 NON-LIVING RESOURCES

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

- None

62 SEGMENT REPORTING

62.1 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 2022

62 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)

62.2 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.

62.3 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.

62.4 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 to 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 2022

62 SEGMENT REPORTING (CONTINUED)

30 JUNE 2022	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
REVENUE											
External Revenue from Non-Exchange Transactions	-	90 285 531	-	1 059 000	1 123 285	183 196	-	1 720 252	-	-	94 365 264
Government Grants and Subsidies - Capital	-	1 115 586	-	-	-	-	-	-	-	-	1 115 586
Government Grants and Subsidies - Operating	-	85 069 617	-	1 053 000	-	183 196	-	-	-	-	86 299 813
Public Contributions and Donations	-	-	-	-	143 391	-	-	-	-	-	143 391
Contributed Assets	-	-	-	-	979 894	-	-	-	-	-	979 894
Actuarial Gains	-	4 106 328	-	-	-	-	-	1 720 252	-	-	5 826 580
External Revenue from Exchange Transactions	23 225 289	3 208 830	-	15 717 804	4 141 866	224 622	-	117 548 582	-	11 480 498	175 547 490
Roads Maintenance Services	-	-	-	-	-	-	-	116 094 503	-	-	116 094 503
Service Charges	-	-	-	278 381	-	-	-	-	-	9 812 304	10 090 765
Rental of Facilities and Equipment	-	29 782	-	15 396 850	-	-	-	47 227	-	-	15 473 859
Interest Earned - external Investments	-	2 557 630	-	-	-	-	-	-	-	-	2 557 630
Licences and Permits	-	-	-	-	-	224 622	-	-	-	-	224 622
Agency Services	11 500 908	-	-	-	-	-	-	-	-	-	11 500 908
Insurance Receipts	-	61 301	-	-	-	-	-	-	-	-	61 301
Other Income	-	360 117	-	42 532	4 141 866	-	-	2 939	-	1 668 114	6 415 568
Reversal of Debt Impairment	-	-	-	-	-	-	-	1 403 916	-	-	1 403 916
Gain on disposal of Investment Property	11 724 380	-	-	-	-	-	-	-	-	-	11 724 380
TOTAL REVENUE	23 225 289	89 494 361	-	16 779 804	5 265 151	407 817	-	119 268 834	-	11 480 498	269 932 754
EXPENDITURE	12 402 518	38 959 393	1 520 419	15 682 213	34 738 918	15 512 087	769 435	111 798 917	2 994 766	10 062 045	244 440 709
Employee related costs	1 905 175	18 885 087	1 481 749	5 034 898	25 505 412	13 411 408	701 917	48 958 358	2 521 754	-	118 016 776
Remuneration of Councillors	5 871 509	-	-	67 340	-	-	-	-	-	-	6 340 849
Debt Impairment	-	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation	41 844	570 874	3 624	553 521	1 324 564	186 126	8 272	120 375	34 380	730 942	3 574 623
Finance Charges	-	3 432 351	-	-	-	-	-	2 803 207	-	2 654 023	8 389 581
Bulk Purchases	-	-	-	329 260	-	-	-	-	-	-	329 260
Contracted services	2 890 573	6 480 647	-	3 398 847	3 162 502	704 684	-	1 348 470	149 872	6 129 082	24 264 649
Transfers and Grants	-	399 383	-	-	-	-	-	-	-	-	399 383
Other Expenditure	1 692 418	8 351 933	35 045	6 298 347	4 746 440	1 209 768	59 225	59 058 507	788 759	547 998	82 288 442
Stock Adjustments	-	31 759	-	-	-	-	-	-	-	-	31 759
Loss on disposal of Assets	-	807 388	-	-	-	-	-	-	-	-	807 388
TOTAL EXPENDITURE	12 402 518	38 959 393	1 520 419	15 682 213	34 738 918	15 512 087	769 435	111 798 917	2 994 766	10 062 045	244 440 709
NET SURPLUS/(DEFICIT) FOR THE YEAR	10 822 771	54 534 968	(1 520 419)	1 088 591	(29 473 767)	(15 104 268)	(769 435)	7 469 917	(2 994 766)	1 418 453	25 472 045
Less: Government Grants and Subsidies - Capital	-	(1 115 586)	-	-	-	-	-	-	-	-	(1 115 586)
Less: Contributed Assets	-	-	-	-	(979 894)	-	-	-	-	-	(979 894)
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	10 822 771	53 419 383	(1 520 419)	1 088 591	(30 453 661)	(15 104 268)	(769 435)	7 469 917	(2 994 766)	1 418 453	23 376 565
CAPITAL EXPENDITURE FOR THE YEAR	101 696	2 320 553	159 988	513 308	5 474 208	451 476	-	358 000	58 000	-	9 537 228



OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

62 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
REVENUE											
External Revenue from Non-Exchange Transactions	-	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	-	-	-	-	81 497 038
Contributed Assets	-	4 033	-	-	663 375	-	-	-	-	-	668 458
Actuarial Gains	-	520 382	-	-	-	-	-	148 270	-	-	668 652
External Revenue from Exchange Transactions	11 343 148	3 015 646	-	14 578 846	4 037 646	229 888	-	124 450 660	-	11 851 346	189 507 179
Roads Maintenance Services	-	-	-	-	-	-	-	124 440 834	-	-	124 440 834
Service Charges	-	-	-	285 188	-	-	-	-	-	11 843 846	12 130 034
Rental of Facilities and Equipment	-	28 938	-	14 267 844	-	-	-	6 733	-	7 500	14 313 015
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	-	24 014	4 037 646	-	-	3 092	-	-	4 462 714
TOTAL REVENUE	11 343 148	86 515 069	-	15 768 846	4 701 021	439 682	-	124 598 930	-	11 851 346	255 235 951
EXPENDITURE	9 938 732	36 702 093	1 437 775	16 234 867	32 599 528	14 503 257	1 323 241	116 929 965	2 200 729	9 000 934	240 871 121
Employee related costs	2 319 256	18 571 524	1 402 321	4 735 875	22 329 579	12 664 654	1 250 503	45 636 447	1 899 238	-	110 869 408
Remuneration of Councilors	5 851 723	-	-	-	-	-	-	-	-	-	5 851 723
Debt Impairment	-	-	-	67 400	-	-	-	-	-	-	67 400
Depreciation and Amortisation	32 304	332 057	6 057	607 262	1 162 952	110 015	8 455	61 686	29 786	750 439	3 100 953
Impairment	-	-	-	416 848	313 066	-	-	-	-	-	729 914
Actuarial losses	-	3 185 778	-	-	-	-	-	2 915 635	-	-	6 101 413
Finance Charges	-	3 354 090	-	-	-	-	-	2 368 000	-	2 921 749	8 643 749
Bulk Purchases	-	-	-	765 947	-	-	-	-	-	-	765 947
Contracted Services	517 687	1 668 330	-	3 527 503	5 147 363	502 558	3 520	950 000	54 055	4 836 097	17 207 111
Transfers and Grants	-	680 000	-	-	-	-	-	-	-	-	680 000
Other Expenditure	1 217 763	8 587 932	29 386	6 114 133	3 646 588	1 226 029	60 764	64 938 198	217 652	492 648	86 531 093
Loss on disposal of Assets	-	322 473	-	-	-	-	-	-	-	-	322 473
TOTAL EXPENDITURE	9 938 732	36 702 093	1 437 775	16 234 867	32 599 528	14 503 257	1 323 241	116 929 965	2 200 729	9 000 934	240 871 121
NET SURPLUS/(DEFICIT) FOR THE YEAR	1 404 416	49 812 976	(1 437 775)	(466 021)	(27 898 508)	(14 063 656)	(1 323 241)	7 668 965	(2 200 729)	2 850 412	(14 344 838)
Less: Government Grants and Subsidies - Capital	-	(2 885 633)	-	-	-	-	-	-	-	-	(2 885 633)
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	1 404 416	46 927 343	(1 437 775)	(466 021)	(27 898 508)	(14 063 656)	(1 323 241)	7 668 965	(2 200 729)	2 850 412	(11 459 205)
CAPITAL EXPENDITURE FOR THE YEAR	45 191	522 764	-	339 734	3 656 849	-	-	-	4 083	667 647	5 036 268



OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

63 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATE OUTCOME 2021 R
Financial Performance						
Service charges	13 160 006	(837 472)	12 322 534	10 090 765	(2 231 769)	12 130 034
Investment revenue	2 143 500	-	2 143 500	2 557 630	414 130	2 287 417
Government Grants and Subsidies - Operating	194 563 587	8 375 438	202 939 025	202 394 313	(544 712)	205 927 872
Other own revenue	45 357 172	4 501 556	49 858 728	52 774 566	2 915 838	31 317 546
Total Operating Revenue	255 224 265	12 039 522	267 263 787	267 817 274	553 487	251 662 870
Employee costs	132 302 924	(5 256 431)	127 046 493	122 750 891	(4 295 602)	115 486 918
Remuneration of councillors	6 547 786	(119 600)	6 428 186	5 871 509	(556 677)	5 851 723
Debt impairment	200 000	-	200 000	67 340	(132 660)	67 400
Depreciation & asset impairment	4 613 948	-	4 613 948	3 574 623	(1 039 325)	3 830 807
Finance charges	3 581 751	(218 800)	3 362 951	3 491 581	128 630	3 447 749
Inventory Consumed and Bulk Purchases	45 269 430	-	56 687 914	50 844 904	(70 740)	57 124 394
Transfers and grants	250 000	2 299 000	2 549 000	399 383	(2 149 617)	680 000
Other expenditure	61 184 313	1 994 230	63 178 543	57 440 477	(5 738 066)	54 382 132
Total Expenditure	259 950 152	(1 301 601)	264 067 035	244 440 709	(13 854 057)	240 871 122
Surplus/(Deficit)	1 274 113	13 341 123	3 196 752	23 376 565	14 407 544	10 791 747
Government Grants and Subsidies - Capital	-	1 950 000	1 950 000	1 115 586	(834 414)	2 885 633
Contributed Assets	-	-	-	979 894	979 894	667 458
Surplus/(Deficit) for the year	1 274 113	15 291 123	5 146 752	25 472 045	14 553 023	14 344 838

Other than correction of errors disclosed in the financial statements, the prior year figures were also adjusted to separately disclose Inventory Consumed and Bulk Purchases. Before Restatements, this reallocation from Other Expenditure amounted to R 62 533 022.

OVERBERG DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

63 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATE OUTCOME 2021 R
Capital expenditure & funds sources						
Capital expenditure	4 988 500	2 188 900	7 177 400	9 537 228	2 359 828	5 036 268
Transfers recognised - capital	-	1 950 000	1 950 000	1 115 586	(834 414)	2 885 633
Borrowing	-	-	-	2 948 000	2 948 000	-
Contributed Assets	-	-	-	979 894	979 894	667 458
Internally generated funds	4 988 500	238 900	5 227 400	4 493 749	(733 651)	1 483 177
Total sources of capital funds	4 988 500	2 188 900	7 177 400	9 537 228	2 359 828	5 036 268
Cash flows						
Net cash from (used) operating	(4 391 824)	(7 116 121)	(11 507 945)	(2 899 283)	8 608 663	26 079 187
Net cash from (used) investing	8 496 750	(2 188 900)	6 307 850	(4 304 986)	(10 612 836)	(3 701 163)
Net cash from (used) financing	(3 295 836)	-	(3 295 836)	(3 939 357)	(643 521)	(2 949 453)
Net Cash Movement for the year	809 090	(9 305 021)	(8 495 931)	(11 143 626)	(2 647 695)	19 428 571
Cash/cash equivalents at beginning of year	41 305 945	14 769 585	56 075 529	56 075 529	-	36 646 958
Cash/cash equivalents at the year end	42 115 035	5 464 563	47 579 598	44 931 903	(2 647 695)	56 075 529

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 2022

INSTITUTION	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2021 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2022 R
<u>ANNUITY LOANS</u>						
STANDARD BANK (KARWYDERSKRAAL)	11.17%	2026/09/30	22 211 463	-	(3 295 836)	18 915 627
Total Annuity Loans			<u>22 211 463</u>	<u>-</u>	<u>(3 295 836)</u>	<u>18 915 627</u>
<u>FINANCE LEASES</u>						
NASHUA BREEDEVALLEI (OFFICE PRINTERS)	12.97%	2024/07/31	-	2 948 000	(643 521)	2 304 479
Total Finance Leases			<u>-</u>	<u>2 948 000</u>	<u>(643 521)</u>	<u>2 304 479</u>
Total Long-Term Liabilities			<u>22 211 463</u>	<u>2 948 000</u>	<u>(3 939 357)</u>	<u>21 220 106</u>

OVERBERG DISTRICT MUNICIPALITY

APPENDIX B (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES AND GFS CLASSIFICATION) FOR THE YEAR ENDING 30 JUNE 2022

MUNICIPAL VOTES	30 JUNE 2022			30 JUNE 2021		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Municipal Manager	23 460 188	(15 938 757)	7 521 430	11 540 414	(13 945 013)	(2 404 600)
Corporate Services	29 956	(11 132 669)	(11 102 713)	33 582	(10 829 030)	(10 795 449)
Finance	93 229 506	(25 030 231)	68 199 275	86 284 221	(23 299 920)	62 984 301
Community Services	153 193 104	(192 339 052)	(39 145 948)	157 357 744	(192 797 159)	(35 439 415)
Total	269 912 754	(244 440 709)	25 472 045	255 215 961	(240 871 122)	14 344 838

GFS CLASSIFICATION	30 JUNE 2022			30 JUNE 2021		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Executive and Council	23 225 289	(12 402 518)	10 822 771	11 343 148	(9 938 732)	1 404 416
Internal audit	-	(1 520 419)	(1 520 419)	-	(1 437 775)	(1 437 775)
Finance and administration	93 494 361	(38 959 393)	54 534 969	86 515 069	(36 702 093)	49 812 976
Planning and Development	-	(769 435)	(769 435)	-	(1 323 241)	(1 323 241)
Public Safety	5 265 151	(34 738 918)	(29 473 767)	4 701 021	(32 599 528)	(27 898 508)
Environmental Protection	-	(2 994 766)	(2 994 766)	-	(2 200 729)	(2 200 729)
Waste Management	11 480 498	(10 062 045)	1 418 453	11 851 346	(9 000 934)	2 850 412
Sport and Recreation	16 770 804	(15 682 213)	1 088 591	15 756 846	(16 234 867)	(468 022)
Health	407 817	(15 512 087)	(15 104 269)	439 601	(14 503 257)	(14 063 656)
Road Transport	119 268 834	(111 798 917)	7 469 917	124 598 930	(116 929 965)	7 668 965
Total	269 912 754	(244 440 709)	25 472 045	255 215 961	(240 871 122)	14 344 838

OVERBERG DISTRICT MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL DEPARTMENT) FOR THE YEAR ENDING 30 JUNE 2022

MUNICIPAL DEPARTMENTS	30 JUNE 2022			30 JUNE 2021		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R	R	R	R	R	R
Committee, Records & Councillor Support	-	(3 149 520)	(3 149 520)	-	(2 795 926)	(2 795 926)
Community Services Support	-	(744 031)	(744 031)	-	(218 498)	(218 498)
Comprehensive Health	183 196	(183 918)	(723)	209 714	(190 914)	18 800
Council Expenditure	23 225 289	(9 048 490)	14 176 799	11 343 148	(7 580 757)	3 762 391
Emergency Services	5 265 151	(34 738 918)	(29 473 767)	4 701 021	(32 599 528)	(27 898 508)
Environmental Management	-	(2 994 766)	(2 994 766)	-	(2 200 729)	(2 200 729)
Executive (Community Services)	-	(806 076)	(806 076)	-	(1 109 380)	(1 109 380)
Executive (Corporate Services)	29 956	(2 136 471)	(2 106 515)	33 582	(2 661 687)	(2 628 106)
Executive (Finance)	-	(1 089 547)	(1 089 547)	-	(1 048 663)	(1 048 663)
Executive (Municipal Manager)	-	(2 890 726)	(2 890 726)	-	(2 045 202)	(2 045 202)
Executive Support	-	(463 302)	(463 302)	-	(312 772)	(312 772)
Expenditure	30 292	(2 871 919)	(2 841 627)	31 185	(2 754 114)	(2 722 929)
Financial Services	93 178 101	(17 183 726)	75 994 374	86 217 980	(15 948 022)	70 269 959
Financial Support	-	(367 637)	(367 637)	-	(286 111)	(286 111)
Human Resources	-	(2 689 968)	(2 689 968)	-	(2 297 622)	(2 297 622)
IDP & Communication	-	(769 435)	(769 435)	-	(1 323 241)	(1 323 241)
Information Services	-	(3 156 710)	(3 156 710)	-	(3 073 795)	(3 073 795)
Internal Audit	-	(1 520 419)	(1 520 419)	-	(1 437 775)	(1 437 775)
Led, Tourism, Resorts & EPWP	16 770 804	(15 682 213)	1 088 591	15 766 846	(16 234 867)	(468 022)
Municipal Health	224 622	(15 328 168)	(15 103 547)	229 888	(14 312 343)	(14 082 455)
Performance & Risk Management	234 899	(1 246 386)	(1 011 487)	197 266	(1 245 265)	(1 047 999)
Revenue	21 113	(1 189 950)	(1 168 837)	35 056	(1 181 214)	(1 146 158)
Solid Waste	11 480 498	(10 062 045)	1 418 453	11 851 346	(9 000 934)	2 850 412
Supply Chain Management	-	(2 327 451)	(2 327 451)	-	(2 081 796)	(2 081 796)
Roads Function	119 268 834	(111 798 917)	7 469 917	124 598 930	(116 929 965)	7 668 965
Total	269 912 754	(244 440 709)	25 472 045	255 215 961	(240 871 122)	14 344 838

OVERBERG DISTRICT MUNICIPALITY

APPENDIX D (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2022

	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
NATIONAL GOVERNMENT						
Equitable Share	-	77 374 974	(77 374 974)	-	-	-
Equitable Share - Disaster Relief (COVID 19)	1 185 454	-	(1 185 454)	-	-	-
Financial Management Grant (FMG)	-	1 000 000	(1 000 000)	-	-	-
Expanded Public Works Program (EPWP)	-	1 053 000	(1 053 000)	-	-	-
Rural Roads Asset Management System	2 655 974	2 708 000	(2 619 420)	-	(2 655 974)	88 580
Total	3 841 428	82 135 974	(83 232 848)	-	(2 655 974)	88 580
PROVINCIAL GOVERNMENT AND OTHER						
SETA Training Fund	380 031	230 169	(302 940)	-	-	307 259
Health Subsidy	-	183 196	(183 196)	-	-	-
CDW Operational Support Grant	83 572	57 000	(76 299)	-	-	64 273
Human Capacity Building Grant	-	400 000	(399 383)	-	-	617
Fire Safety Plan	1 361 334	2 323 000	(1 905 147)	(1 115 586)	-	663 602
Joint District and Metro Approach Grant (Sanitation)	-	1 799 000	-	-	-	1 799 000
Joint District and Metro Approach Grant (Animal Pound)	-	350 000	-	-	-	350 000
Local Government Public Employment Support Grant	-	200 000	(200 000)	-	-	-
Total	1 824 937	5 542 365	(3 066 965)	(1 115 586)	-	3 184 751
ALL SPHERES GOVERNMENT	5 666 365	87 678 338	(86 299 813)	(1 115 586)	(2 655 974)	3 273 331

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATE D OUTCOME 2021 R
REVENUE						
Governance and administration	111 697 240	9 696 824	121 394 064	116 719 650	(4 674 414)	97 858 216
Executive and Council	24 921 236	74 660	24 995 896	23 225 289	(1 770 607)	11 343 148
Finance and administration	86 776 004	9 622 164	96 398 168	93 494 361	(2 903 807)	86 515 069
Community and public safety	21 369 425	(253 370)	21 116 055	22 443 772	1 327 717	20 907 468
Sport and recreation	16 979 872	(293 370)	16 686 502	16 770 804	84 302	15 766 846
Public safety	4 020 432	40 000	4 060 432	5 265 151	1 204 719	4 701 021
Health	369 121	-	369 121	407 817	38 696	439 601
Economic and environmental services	109 730 066	4 996 068	114 726 134	119 268 834	4 542 700	124 598 930
Road transport	109 594 866	4 996 068	114 590 934	119 268 834	4 677 900	124 598 930
Environmental protection	135 200	-	135 200	-	(135 200)	-
Trading services	12 427 534	(450 000)	11 977 534	11 480 498	(497 036)	11 851 346
Waste management	12 427 534	(450 000)	11 977 534	11 480 498	(497 036)	11 851 346
Total Revenue - Standard	255 224 265	13 989 522	269 213 787	269 912 754	698 967	255 215 961

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
EXPENDITURE						
Governance and administration	64 340 083	1 826 633	66 166 716	52 882 330	(13 284 387)	48 078 600
Executive and Council	10 721 516	2 463 448	13 184 964	12 402 518	(782 446)	9 938 732
Finance and administration	51 254 848	(629 375)	50 625 473	38 959 393	(11 666 081)	36 702 093
Internal audit	2 363 719	(7 440)	2 356 279	1 520 419	(835 860)	1 437 775
Community and public safety	66 848 984	3 049 190	69 898 174	65 933 218	(3 964 956)	63 337 653
Sport and recreation	16 874 550	656 601	17 531 151	15 682 213	(1 848 938)	16 234 867
Public safety	32 326 836	3 555 527	35 882 363	34 738 918	(1 143 445)	32 599 528
Health	17 647 598	(1 162 938)	16 484 660	15 512 087	(972 573)	14 503 257
Economic and environmental services	114 730 879	4 231 057	118 961 936	115 563 117	(3 398 819)	120 453 935
Planning and development	1 408 920	(247 000)	1 161 920	769 435	(392 485)	1 323 241
Road transport	109 594 866	4 996 068	114 590 934	111 798 917	(2 792 017)	116 929 965
Environmental protection	3 727 093	(518 011)	3 209 082	2 994 766	(214 316)	2 200 729
Trading services	8 030 206	1 010 003	9 040 209	10 062 045	1 021 836	9 000 934
Waste management	8 030 206	1 010 003	9 040 209	10 062 045	1 021 836	9 000 934
Total Expenditure - Standard	253 950 152	10 116 883	264 067 035	244 440 709	(19 626 326)	240 871 122
Surplus/(Deficit) for the year	1 274 113	3 872 639	5 146 752	25 472 045	20 325 293	14 344 838

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATE D OUTCOME 2021 R
REVENUE						
Municipal Manager	25 695 080	74 660	25 769 740	23 460 188	(2 309 552)	11 540 414
Corporate Services	29 200	-	29 200	29 956	756	33 582
Finance	85 972 960	9 622 164	95 595 124	93 229 506	(2 365 618)	86 284 221
Community Services	143 527 025	4 292 698	147 819 723	153 193 104	5 373 381	157 357 744
Total Revenue by Vote	255 224 265	13 989 522	269 213 787	269 912 754	698 967	255 215 961
EXPENDITURE						
Municipal Manager	16 741 562	2 136 487	18 878 049	15 938 757	(2 939 292)	13 945 013
Corporate Services	16 681 528	(2 152 873)	14 528 655	11 132 669	(3 395 986)	10 829 030
Finance	29 825 859	1 767 119	31 592 978	25 030 231	(6 562 747)	23 299 920
Community Services	190 701 203	8 366 150	199 067 353	192 339 052	(6 728 301)	192 797 159
Total Expenditure by Vote	253 950 152	10 116 883	264 067 035	244 440 709	(19 626 326)	240 871 122
Surplus/(Deficit) for the year	1 274 113	3 872 639	5 146 752	25 472 045	20 325 293	14 344 838

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATE D OUTCOME 2021 R
REVENUE BY SOURCE						
Service charges	13 160 006	(837 472)	12 322 534	10 090 765	(2 231 769)	12 130 034
Rental of facilities and equipment	11 844 000	200 000	12 044 000	12 457 712	413 712	11 855 873
Interest earned - external investments	2 143 500	-	2 143 500	2 557 630	414 130	2 287 417
Interest earned - outstanding debtors	255 600	(25 600)	230 000	-	(230 000)	-
Licences and permits	166 400	-	166 400	224 622	58 222	229 888
Agency services	11 435 986	74 660	11 510 646	11 500 908	(9 738)	11 343 148
Government Grants and Subsidies - Operating	194 563 587	8 375 438	202 939 025	202 394 313	(544 712)	205 927 872
Other revenue	8 169 936	4 252 496	12 422 432	16 866 943	4 444 511	7 888 637
Gains	13 485 250	-	13 485 250	11 724 380	(1 760 870)	-
Total Revenue (excluding capital transfers and contributions)	255 224 265	12 039 522	267 263 787	267 817 274	553 487	251 662 870

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
EXPENDITURE BY TYPE						
Employee related costs	132 302 924	(5 256 431)	127 046 493	122 750 891	(4 295 602)	115 486 918
Remuneration of councillors	6 547 786	(119 600)	6 428 186	5 871 509	(556 677)	5 851 723
Debt impairment	200 000	-	200 000	67 340	(132 660)	67 400
Depreciation & asset impairment	4 613 948	-	4 613 948	3 574 623	(1 039 325)	3 830 807
Finance charges	3 581 751	(218 800)	3 362 951	3 491 581	128 630	3 447 749
Bulk Purchases	400 000	-	400 000	329 260	(70 740)	765 947
Inventory Consumed	44 869 430	11 418 484	56 287 914	50 515 644	(5 772 270)	56 358 447
Contracted services	27 409 928	410 065	27 819 993	24 539 341	(3 280 652)	17 207 111
Transfers and grants	250 000	2 299 000	2 549 000	399 383	(2 149 617)	680 000
Other Expenditure	33 774 385	1 584 165	35 358 550	32 093 749	(3 264 802)	36 852 549
Losses	-	-	-	807 388	807 388	322 473
Total Expenditure	253 950 152	10 116 883	264 067 035	244 440 709	(19 626 326)	240 871 122
Surplus/(Deficit)	1 274 113	1 922 639	3 196 752	23 376 565	20 179 813	10 791 747
Government Grants and Subsidies - Capital	-	1 950 000	1 950 000	1 115 586	(834 414)	2 885 633
Contributed Assets	-	-	-	979 894	979 894	667 458
Surplus/(Deficit) for the year	1 274 113	3 872 639	5 146 752	25 472 045	20 325 293	14 344 838

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

CAPITAL EXPENDITURE	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATE D OUTCOME 2021 R
CAPITAL EXPENDITURE (VOTE)						
Multi-year expenditure						
Corporate Services	750 000	(241 000)	509 000	137 461	(371 539)	-
Single-year expenditure						
Municipal Manager	-	3 100	3 100	261 684	258 584	45 191
Corporate Services	500 000	(91 300)	408 700	1 706 747	1 298 047	248 851
Finance	250 000	(5 000)	245 000	476 345	231 345	73 913
Community Services	3 488 500	2 523 100	6 011 600	6 954 991	943 391	4 668 312
Total Capital Expenditure by Vote	4 988 500	2 188 900	7 177 400	9 537 228	2 359 828	5 036 268
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration	1 500 000	(334 200)	1 165 800	2 582 237	1 416 437	367 955
Executive and council	-	1 700	1 700	101 696	99 996	45 191
Finance and administration	1 500 000	(337 300)	1 162 700	2 320 553	1 157 853	322 764
Internal Audit	-	1 400	1 400	159 988	158 588	-
Community and public safety	3 233 500	2 778 100	6 011 600	6 538 991	527 391	3 996 582
Sport and recreation	411 500	46 000	457 500	613 308	155 808	339 734
Public safety	2 800 000	2 714 000	5 514 000	5 474 208	(39 792)	3 656 849
Health	22 000	18 100	40 100	451 476	411 376	-
Economic and environmental services	-	-	-	416 000	416 000	4 083
Road Transport	-	-	-	358 000	358 000	-
Environmental protection	-	-	-	58 000	58 000	4 083

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
Trading services	255 000	(255 000)	-	-	-	667 647
Waste management	255 000	(255 000)	-	-	-	667 647
Total Capital Expenditure - Standard	4 988 500	2 188 900	7 177 400	9 537 228	2 359 828	5 036 268

CAPITAL EXPENDITURE (FUNDING SOURCES)

Provincial Government	-	1 950 000	1 950 000	1 115 586	(834 414)	2 885 633
Transfers recognised - capital	-	1 950 000	1 950 000	1 115 586	(834 414)	2 885 633
Borrowing	-	-	-	2 948 000	2 948 000	-
Contributed Assets	-	-	-	979 894	979 894	667 458
Internally generated funds	4 988 500	238 900	5 227 400	4 493 749	(733 651)	1 483 177
Total Capital Funding	4 988 500	2 188 900	7 177 400	9 537 228	2 359 828	5 036 268

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

CASH FLOWS

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATE D OUTCOME 2021 R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Service charges	13 160 006	(837 472)	12 322 534	10 333 041	(1 989 493)	13 728 643
Other revenue	30 994 109	4 949 369	35 943 478	30 257 976	(5 685 502)	34 778 796
Government - operating	194 563 587	1 993 340	196 556 927	190 056 542	(6 500 385)	212 844 931
Government - capital	-	1 950 000	1 950 000	1 950 000	-	1 232 000
Interest	2 399 100	(25 600)	2 373 500	2 528 624	155 124	2 257 050
Payments						
Suppliers and employees	(242 843 301)	(12 946 758)	(255 790 059)	(234 994 200)	20 795 859	(235 420 526)
Finance charges	(2 415 325)	100 000	(2 315 325)	(2 631 883)	(316 558)	(2 661 708)
Transfers and Grants	(250 000)	(2 299 000)	(2 549 000)	(399 383)	2 149 617	(580 000)
NET CASH FROM OPERATING ACTIVITIES	(4 391 824)	(7 116 121)	(11 507 945)	(2 899 283)	8 608 663	26 079 187
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of Assets	13 485 250	-	13 485 250	1 304 348	(12 180 902)	-
Payments						
Capital assets	(4 988 500)	(2 188 900)	(7 177 400)	(5 609 334)	1 568 066	(3 701 163)
NET CASH USED IN INVESTING ACTIVITIES	8 496 750	(2 188 900)	6 307 850	(4 304 986)	(10 612 836)	(3 701 163)

OVERBERG DISTRICT MUNICIPALITY

APPENDIX E (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

CASH FLOWS

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATE D OUTCOME 2021 R
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Repayment of borrowing	(3 295 836)	-	(3 295 836)	(3 939 357)	(643 521)	(2 949 453)
NET CASH FROM FINANCING ACTIVITIES	(3 295 836)	-	(3 295 836)	(3 939 357)	(643 521)	(2 949 453)
NET INCREASE/ (DECREASE) IN CASH HELD	809 090	(9 305 021)	(8 495 931)	(11 143 626)	(2 647 695)	19 428 571
Cash/cash equivalents at the year begin:	41 305 945	14 769 585	56 075 529	56 075 529	-	36 646 958
Cash/cash equivalents at the year end:	42 115 035	5 464 563	47 579 598	44 931 903	(2 647 695)	56 075 529