

# Overberg

## District Municipality

**ANNUAL REPORT  
2022/2023**



## **Annual Financial Statements**

### **Volume II**

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

## **Report of the auditor-general to the Western Cape Provincial Parliament and council on the Overberg District Municipality**

### **Report on the audit of the financial statements**

#### **Opinion**

1. I have audited the financial statements of the Overberg District Municipality set out on pages 4 to 113, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Overberg District Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

#### **Basis for opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of matter**

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### **Restatement of correspondence figures**

7. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2023.

## **Other matters**

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Unaudited disclosure note**

9. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### **Unaudited supplementary schedule**

10. The supplementary information set out on pages 114 to 126 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

## **Responsibilities of the accounting officer for the financial statements**

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

## **Responsibilities of the auditor-general for the audit of the financial statements**

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## **Report on the audit of the annual performance report**

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected strategic goal presented in the

annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

16. I selected the following strategic goal presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a strategic goal that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Strategic goal	Page numbers	Purpose
Strategic goal 1 (SG1)	80 – 82	To ensure the well-being of all in the Overberg through provision of efficient basic services and infrastructure

17. I evaluated the reported performance information for the selected strategic goal against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

18. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any measures taken to improve performance.

19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

20. I did not identify any material findings on the reported performance information for the strategic goal.

## **Other matter**

21. I draw attention to the matter below.

### **Achievement of planned targets**

22. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

### **Report on compliance with legislation**

23. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

24. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

25. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

26. I did not identify any material non-compliance with the selected legislative requirements.

### **Other information in the annual report**

27. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected strategic goal presented in the annual performance report that have been specifically reported on in this auditor's report.

28. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

29. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected strategic goal presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. I have nothing to report in this regard.

**Internal control deficiencies**

30. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

31. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Cape Town

30 November 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected strategic goal and on the municipality's compliance with selected requirements in key legislation.

#### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	<p>Section 1 – paragraph (a), (b) &amp; (d) of the definition: irregular expenditure</p> <p>Section 1 – definition: service delivery and budget implementation plan</p> <p>Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1)</p> <p>Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b)</p> <p>Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i)</p> <p>Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b)</p> <p>Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e)</p> <p>Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1)</p> <p>Sections 126(1)(a), 127(2), 127(5)(a)(i), 127(5)(a)(ii)</p> <p>Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170</p> <p>Sections 171(4)(a), 171(4)(b)</p>
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2005	<p>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a)</p> <p>Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b), 22(2), 27(2)(a)</p> <p>Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b)</p> <p>Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c)</p> <p>Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43</p> <p>Regulations 44, 46(2)(e), 46(2)(f)</p>
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 27(1), 29(1)(b)(ii), 29(2)(a), 29(2)(c), 34(a), 34(b)

Legislation	Sections or regulations
	Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a) Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(5)(a), 7(1), 8, 9(1)(a) Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Division of Revenue Act 5 of 2022	Sections 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8) Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2) Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

# OVERBERG DISTRICT MUNICIPALITY



## AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2023

# OVERBERG DISTRICT MUNICIPALITY

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# OVERBERG DISTRICT MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

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

### LEGAL FORM

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

### JURISDICTION

The Overberg District Municipality includes the following areas:

Cape Agulhas Local Municipality

Overstrand Local Municipality

Swellendam Local Municipality

Theewaterskloof Local Municipality

### MEMBERS OF THE COUNCIL

Councillor	Ward/Area	Designation
AE Franken	Proportional	Executive Mayor
HD Coetzee	Proportional	Deputy Executive Mayor
LM de Bruyn	Proportional	Speaker
AG Klaas	Proportional	Mayoral Committee Member
SH Fourie	Overstrand	Mayoral Committee Member
JG Nieuwoudt	Cape Agulhas	Mayoral Committee Member
T Els	Overstrand	Councillor
M Nomatiti	Overstrand	Councillor
JA van Staden	Overstrand	Councillor
CC Tafu-Nwonkwo	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
D Julius	Swellendam	Councillor
R Brinkhuys	Proportional	Councillor
NM Sapepa	Proportional	Councillor
M Mathews	Proportional	Councillor
RT Olivier	Proportional	Councillor
CH Elgin	Proportional	Councillor
MG Du Plessis	Proportional	Councillor

### MUNICIPAL MANAGER (ACCOUNTING OFFICER)

RG Bosman

### CHIEF FINANCIAL OFFICER

NL Kruger

# OVERBERG DISTRICT MUNICIPALITY

## GENERAL INFORMATION

### REGISTERED OFFICE

26 Long Street, Bredasdorp, 7280

### POSTAL ADDRESS

Private Bag X22, Bredasdorp, 7280

### AUDITORS

Office of the Auditor General (WC)

### PRIMARY BANKER

Nedbank Ltd (South Africa)

### LIST OF APPROVED ATTORNEYS

A. Adriaans Incorporated t/a Adriaans Attorneys

AA Solwandle Attorneys

Bradley Conradie Halton Cheadle

Brasika consulting (Pty) Ltd

Enderstein Van Der Merwe Incorporated

Fairbridges Arderne and Lawton t/a Fairbridge Wertheim  
Becker

John Macrobert Attorneys

Kruger & Blignaut Attorneys

Le Minnie Attorneys

Levendal Attorneys

Lizel Venter Attorneys

Maserumule Attorneys

N. Maharaj Attorneys

Rossouw & Du Plessis

Schoeman Law Incorporated

Siyathemba Sokutu Attorneys

Ukuqedwa Consultants (Pty) Ltd

Van Der Spuy & Partners

Webber Wentzel

Yvette Cloete t/a Yvette Cloete & Associates

### AUDIT COMMITTEE MEMBERS

P Strauss (Chair person)

T Blok

C Pieterse

D Smith

### CONTACT DETAILS

Website <https://odm.org.za/>

Email address [Info@odm.org.za](mailto: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

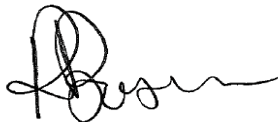
I am responsible for the preparation of these annual financial statements year ended 30 June 2023, which are set out on pages 1 to 126 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared 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 2024 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.



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**RG Bosman**  
**Municipal Manager (Accounting Officer)**

30 November 2023

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**Date**

# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>		<b>97 928 937</b>	<b>77 877 789</b>
Cash and Cash Equivalents	2	87 936 406	44 931 903
Receivables from exchange transactions	3	5 484 578	16 626 347
Receivables from non-exchange transactions	4	548 149	534 087
Operating Lease Asset	5	-	-
Taxes	6	525 557	11 981 541
Inventory	7	1 571 247	1 872 911
Employee Benefits	11	1 863 000	1 931 000
<b>Non-Current Assets</b>		<b>107 685 298</b>	<b>106 440 742</b>
Investment Property	8	12 796 600	12 796 600
Property, Plant and Equipment	9	74 586 712	71 444 119
Intangible Assets	10	4 986	8 023
Employee Benefits	11	20 297 000	22 192 000
<b>Total Assets</b>		<b>205 614 235</b>	<b>184 318 531</b>
<b>Current Liabilities</b>		<b>44 409 948</b>	<b>27 056 311</b>
Current Portion of Long-term Liabilities	12	5 364 871	4 630 732
Consumer Deposits	13	8 160	8 160
Payables from exchange transactions	14	19 045 785	4 900 774
Unspent Conditional Government Grants	15	3 921 834	3 273 331
Operating Lease Liability	5	-	-
Current Employee benefits	16	16 069 298	14 243 314
<b>Non-Current Liabilities</b>		<b>61 073 555</b>	<b>70 398 937</b>
Long-term Liabilities	12	11 224 503	16 589 374
Employee benefits	17	48 601 000	52 063 000
Non-Current Provisions	18	1 248 052	1 746 563
<b>Total Liabilities</b>		<b>105 483 503</b>	<b>97 455 248</b>
<b>NET ASSETS</b>		<b>100 130 732</b>	<b>86 863 283</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	19	100 130 732	86 863 283
<b>TOTAL COMMUNITY WEALTH</b>		<b>100 130 732</b>	<b>86 863 283</b>



# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>99 383 194</b>	<b>96 033 378</b>
<b>Transfer Revenue</b>		<b>91 539 001</b>	<b>88 538 684</b>
Government Grants and Subsidies - Capital	20	1 219 439	1 115 586
Government Grants and Subsidies - Operating	20	90 234 463	86 299 813
Public Contributions and Donations	21	-	143 391
Contributed Assets	22	85 099	979 894
<b>Other Revenue</b>		<b>7 844 192</b>	<b>7 494 694</b>
Actuarial Gains	23	7 153 559	5 826 580
Other Income	28	690 633	1 668 114
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>170 018 324</b>	<b>173 955 037</b>
<b>Operating Activities</b>		<b>170 018 324</b>	<b>173 955 037</b>
Roads Maintenance Services	24	116 243 175	116 170 162
Service Charges	25	12 335 228	10 090 765
Rental of Facilities and Equipment	26	16 117 314	15 473 899
Interest Earned - external investments		5 904 072	2 557 630
Licences and Permits		745 741	224 622
Agency Services	27	12 005 981	11 500 908
Insurance Receipts		6 526	61 301
Other Income	28	6 660 286	4 747 454
Reversal of Debt Impairment	29	-	1 403 916
Gain on disposal of Investment Property	30	-	11 724 380
<b>TOTAL REVENUE</b>		<b>269 401 517</b>	<b>269 988 415</b>
<b>EXPENDITURE</b>			
Employee related costs	31	129 582 704	118 375 064
Remuneration of Councillors	32	6 195 418	5 871 509
Debt Impairment	33	76 239	67 340
Depreciation and Amortisation	34	3 679 502	3 573 346
Impairment	35	240 356	158 955
Finance Charges	36	8 583 583	8 389 581
Bulk Purchases	37	455 555	329 260
Contracted services	38	23 525 848	23 522 245
Transfers and Grants	39	1 159 389	1 392 568
Other Expenditure	40	82 019 897	82 098 089
Stock Adjustments	7	4 088	31 759
Loss on disposal of Assets	41	611 489	807 388
<b>TOTAL EXPENDITURE</b>		<b>256 134 068</b>	<b>244 617 102</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>13 267 449</b>	<b>25 371 313</b>

# OVERBERG DISTRICT MUNICIPALITY

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

	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2021 - Previously Reported</b>	<b>61 323 849</b>	<b>61 323 849</b>
Prior Period Adjustment - Refer to note 43.6	168 121	-
<b>Balance on 30 June 2021 - Restated</b>	<b>61 491 970</b>	<b>61 323 849</b>
Net Surplus for the Year	25 371 313	25 371 313
<b>Balance on 30 June 2022 - Restated</b>	<b>86 863 283</b>	<b>86 695 162</b>
Net Surplus for the Year	13 267 449	13 267 449
<b>Balance on 30 June 2023</b>	<b>100 130 732</b>	<b>99 962 611</b>

# OVERBERG DISTRICT MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restate)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Service charges		12 132 482	10 333 041
Other revenue		36 125 449	30 257 976
Roads Maintenance Services		131 225 714	106 984 178
Transfers and Subsidies - Operational		90 046 613	83 072 365
Transfers and Subsidies - Capital		2 063 065	1 950 000
Interest		5 448 711	2 528 624
<b>Payments</b>			
Suppliers and employees		(228 926 927)	(234 001 015)
Finance charges		(2 172 329)	(2 631 883)
Transfers and Grants		(1 159 389)	(1 392 568)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>44</b>	<b>44 783 389</b>	<b>(2 899 283)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on the Disposal of Properties		10 434 783	1 304 348
<b>Payments</b>			
Purchase of Property, Plant and Equipment		(7 582 937)	(5 609 334)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>2 851 846</b>	<b>(4 304 986)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Repayment of Borrowing		(4 630 732)	(3 939 357)
<b>NET CASH USED FINANCING ACTIVITIES</b>		<b>(4 630 732)</b>	<b>(3 939 357)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>43 004 503</b>	<b>(11 143 626)</b>
Cash and Cash Equivalents at the beginning of the year		44 931 903	56 075 529
Cash and Cash Equivalents at the end of the year	<b>45</b>	87 936 406	44 931 903
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>43 004 503</b>	<b>(11 143 626)</b>

# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2023 R (Actual)	2023 R (Final Budget)	2023 R (Variance)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	2 101 928	23 896 069	(21 794 141)
Call investment deposits	85 834 478	20 000 000	65 834 478
Consumer debtors	3 933 081	2 920 294	1 012 787
Other debtors	2 625 203	8 139 093	(5 513 890)
Current portion of long-term receivables	1 863 000	2 026 000	(163 000)
Inventory	1 571 247	1 872 911	(301 664)
<b>Total current assets</b>	<b>97 928 937</b>	<b>58 854 367</b>	<b>39 074 570</b>
<b>Non current assets</b>			
Long-term receivables	20 297 000	23 330 000	(3 033 000)
Investment property	12 796 600	12 782 600	14 000
Property, plant and equipment	74 586 712	83 465 540	(8 878 828)
Intangible	4 986	5 623	(637)
<b>Total non current assets</b>	<b>107 685 298</b>	<b>119 583 763</b>	<b>(11 898 465)</b>
<b>TOTAL ASSETS</b>	<b>205 614 235</b>	<b>178 438 130</b>	<b>27 176 105</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowing	5 364 871	5 364 871	-
Consumer deposits	8 160	8 160	-
Trade and other payables	22 967 619	5 027 169	17 940 450
Provisions	16 069 298	15 127 023	942 275
<b>Total current liabilities</b>	<b>44 409 948</b>	<b>25 527 223</b>	<b>18 882 725</b>
<b>Non current liabilities</b>			
Borrowing	11 224 503	11 224 503	-
Provisions	49 849 052	57 474 655	(7 625 603)
<b>Total non current liabilities</b>	<b>61 073 555</b>	<b>68 699 158</b>	<b>(7 625 603)</b>
<b>TOTAL LIABILITIES</b>	<b>105 483 503</b>	<b>94 226 381</b>	<b>11 257 122</b>
<b>NET ASSETS</b>	<b>100 130 732</b>	<b>84 211 749</b>	<b>15 918 983</b>
<b>COMMUNITY WEALTH/EQUITY</b>			
Accumulated Surplus	79 130 732	71 211 749	7 918 983
Reserves	21 000 000	13 000 000	8 000 000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>100 130 732</b>	<b>84 211 749</b>	<b>15 918 983</b>

Refer to note 46.2 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 2023

#### ADJUSTMENTS TO APPROVED BUDGET

	2023 R (Approved Budget)	2023 R (Adjustments)	2023 R (Final Budget)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	23 896 069	-	23 896 069
Call investment deposits	20 000 000	-	20 000 000
Consumer debtors	2 920 294	-	2 920 294
Other debtors	8 139 093	-	8 139 093
Current portion of long-term receivables	2 026 000	-	2 026 000
Inventory	1 872 911	-	1 872 911
<b>Total current assets</b>	<b>58 854 367</b>	<b>-</b>	<b>58 854 367</b>
<b>Non current assets</b>			
Long-term receivables	23 330 000	-	23 330 000
Investment property	12 782 600	-	12 782 600
Property, plant and equipment	83 465 540	-	83 465 540
Intangible	5 623	-	5 623
<b>Total non current assets</b>	<b>119 583 763</b>	<b>-</b>	<b>119 583 763</b>
<b>TOTAL ASSETS</b>	<b>178 438 130</b>	<b>-</b>	<b>178 438 130</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowing	5 364 871	-	5 364 871
Consumer deposits	8 160	-	8 160
Trade and other payables	5 027 169	-	5 027 169
Provisions	15 127 023	-	15 127 023
<b>Total current liabilities</b>	<b>25 527 223</b>	<b>-</b>	<b>25 527 223</b>
<b>Non current liabilities</b>			
Borrowing	11 224 503	-	11 224 503
Provisions	57 474 655	-	57 474 655
<b>Total non current liabilities</b>	<b>68 699 158</b>	<b>-</b>	<b>68 699 158</b>
<b>TOTAL LIABILITIES</b>	<b>94 226 381</b>	<b>-</b>	<b>94 226 381</b>
<b>NET ASSETS</b>	<b>84 211 749</b>	<b>-</b>	<b>84 211 749</b>
<b>COMMUNITY WEALTH/EQUITY</b>			
Accumulated Surplus	71 211 749	-	71 211 749
Reserves	13 000 000	-	13 000 000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>84 211 749</b>	<b>-</b>	<b>84 211 749</b>

Refer to note 46.2 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 2023

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2023 R (Actual)	2023 R (Final Budget)	2023 R (Variance)
<b>REVENUE BY SOURCE</b>			
Service charges - electricity revenue	711 287	200 000	511 287
Service charges - water revenue	35 128	-	35 128
Service charges - sanitation revenue	704 427	1 272 000	(567 573)
Service charges - refuse revenue	10 884 386	12 600 000	(1 715 614)
Rental of facilities and equipment	12 849 334	12 925 000	(75 666)
Interest earned - external investments	5 904 072	4 900 000	1 004 072
Licences and permits	745 741	1 000 000	(254 259)
Agency services	12 005 981	12 005 981	-
Transfers and subsidies	206 477 638	212 712 283	(6 234 645)
Other revenue	10 625 425	8 945 917	1 679 508
Gains	7 153 559	-	7 153 559
<b>TOTAL OPERATING REVENUE</b>	<b>268 096 979</b>	<b>266 561 181</b>	<b>1 535 798</b>
<b>EXPENDITURE BY TYPE</b>			
Employee related costs	134 414 802	130 476 439	3 938 363
Remuneration of councillors	6 195 418	6 425 617	(230 199)
Debt impairment	76 239	100 000	(23 762)
Depreciation & asset impairment	3 919 859	3 625 515	294 344
Finance charges	3 005 583	3 289 417	(283 834)
Bulk purchases - electricity	455 555	250 000	205 555
Inventory consumed	52 977 857	61 630 654	(8 652 797)
Contracted services	23 876 576	28 238 286	(4 361 710)
Transfers and subsidies	1 159 389	3 449 000	(2 289 611)
Other expenditure	29 441 302	33 910 398	(4 469 096)
Losses	611 489	-	611 489
<b>TOTAL OPERATING EXPENDITURE</b>	<b>256 134 068</b>	<b>271 395 326</b>	<b>(15 261 258)</b>
<b>PERIOD</b>	<b>11 962 911</b>	<b>(4 834 145)</b>	<b>16 797 056</b>
Transfers and subsidies - capital	1 219 439	2 250 000	(1 030 561)
Contributed Assets	85 099	-	85 099
<b>NET SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>13 267 449</b>	<b>(2 584 145)</b>	<b>15 851 594</b>

Refer to note 46.2 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 2023

#### ADJUSTMENTS TO APPROVED BUDGET

	2023 R (Approved Budget)	2023 R (Adjustments)	2023 R (Final Budget)
<b>REVENUE BY SOURCE</b>			
Service charges - electricity revenue	200 000	-	200 000
Service charges - sanitation revenue	1 272 000	-	1 272 000
Service charges - refuse revenue	12 600 000	-	12 600 000
Rental of facilities and equipment	12 925 000	-	12 925 000
Interest earned - external investments	4 900 000	-	4 900 000
Licences and permits	1 000 000	-	1 000 000
Agency services	12 005 981	-	12 005 981
Transfers and subsidies	212 712 283	-	212 712 283
Other revenue	8 945 917	-	8 945 917
<b>TOTAL OPERATING REVENUE</b>	<b>266 561 181</b>	<b>-</b>	<b>266 561 181</b>
<b>EXPENDITURE BY TYPE</b>			
Employee related costs	130 988 988	(512 549)	130 476 439
Remuneration of councillors	6 425 617	-	6 425 617
Debt impairment	100 000	-	100 000
Depreciation & asset impairment	3 625 515	-	3 625 515
Finance charges	3 289 417	-	3 289 417
Bulk purchases - electricity	250 000	-	250 000
Inventory consumed	61 670 510	(39 856)	61 630 654
Contracted services	28 159 880	78 406	28 238 286
Transfers and subsidies	3 449 000	-	3 449 000
Other expenditure	33 436 398	474 000	33 910 398
<b>TOTAL OPERATING EXPENDITURE</b>	<b>271 395 325</b>	<b>-</b>	<b>271 395 325</b>
<b>OPERATING SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>(4 834 144)</b>	<b>-</b>	<b>(4 834 144)</b>
Transfers and subsidies - capital	2 250 000	-	2 250 000
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(2 584 144)</b>	<b>-</b>	<b>(2 584 144)</b>

Refer to note 46.2 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 2023

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2023 R (Actual)	2023 R (Final Budget)	2023 R (Variance)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Service charges	12 132 482	13 972 000	(1 839 518)
Other revenue	36 125 449	34 876 898	1 248 551
Transfers and Subsidies - Operational	221 272 328	210 097 422	11 174 906
Transfers and Subsidies - Capital	2 063 065	1 600 000	463 065
Interest	5 448 711	4 900 000	548 711
<b>Payments</b>			
Suppliers and Employees	(228 926 927)	(252 617 147)	23 690 219
Finance charges	(2 172 329)	(2 315 325)	142 996
Transfers and Grants	(1 159 389)	(3 449 000)	2 289 611
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>44 783 389</b>	<b>7 064 848</b>	<b>37 718 541</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of PPE	10 434 783	12 000 000	(1 565 217)
<b>Payments</b>			
Capital assets	(7 582 937)	(15 469 950)	7 887 013
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>2 851 846</b>	<b>(3 469 950)</b>	<b>6 321 796</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Repayment of borrowing	(4 630 732)	(4 630 732)	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(4 630 732)</b>	<b>(4 630 732)</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>43 004 503</b>	<b>(1 035 834)</b>	<b>44 040 337</b>
Cash/cash equivalents at the year begin	44 931 903	44 931 903	-
Cash/cash equivalents at the year end	87 936 406	43 896 069	44 040 337
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>43 004 503</b>	<b>(1 035 834)</b>	<b>44 040 337</b>

Refer to note 46.2 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 2023

#### ADJUSTMENTS TO APPROVED BUDGET

	2023 R (Approved Budget)	2023 R (Adjustments)	2023 R (Final Budget)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Service charges	13 972 000	-	13 972 000
Other revenue	34 876 898	-	34 876 898
Transfers and Subsidies - Operational	210 097 422	-	210 097 422
Transfers and Subsidies - Capital	1 600 000	-	1 600 000
Interest	4 900 000	-	4 900 000
<b>Payments</b>			
Suppliers and Employees	(252 617 147)	-	(252 617 147)
Finance charges	(2 315 325)	-	(2 315 325)
Transfers and Grants	(3 449 000)	-	(3 449 000)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>7 064 848</b>	<b>-</b>	<b>7 064 848</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of PPE	12 000 000	-	12 000 000
<b>Payments</b>			
Capital assets	(15 469 950)	-	(15 469 950)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(3 469 950)</b>	<b>-</b>	<b>(3 469 950)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Repayment of borrowing	(4 630 732)	-	(4 630 732)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(4 630 732)</b>	<b>-</b>	<b>(4 630 732)</b>
<b>NET DECREASE IN CASH HELD</b>	<b>(1 035 834)</b>	<b>-</b>	<b>(1 035 834)</b>
Cash/cash equivalents at the year begin	44 931 903	-	44 931 903
Cash/cash equivalents at the year end	43 896 069	-	43 896 069
<b>NET DECREASE IN CASH HELD</b>	<b>(1 035 834)</b>	<b>-</b>	<b>(1 035 834)</b>

Refer to note 46.2 for further details relating to material variances.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### **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 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.

#### **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 2023

### 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. No significant amendments were made to the accounting policy in the current year.

### 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 2023

### 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 20	Related Party Transactions	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 2023

### 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.

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

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

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

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

The impact, other than additional disclosure, of the Standards on the financial statements will not be significant.

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

This Interpretation addresses the following:

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

#### 1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but 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 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.

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

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

The impact of these amendments to the Standard on the financial statements will not be significant.

### 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/credited 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 CRR is ring-fenced within Accumulated Surplus.

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.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 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.

#### 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.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 1.10 INVESTMENT PROPERTY (CONTINUED)

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.

## 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.



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

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.

#### 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	5-15
Furniture and fittings	3 - 50
Machinery and equipment	8 - 32
Office equipment	10 - 100
Vehicles	5 - 37
Specialised Vehicles	5 - 37

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

#### 1.11.4 Impairment

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

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

#### 1.11.5 Derecognition

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

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

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

### 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.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 1.12 INTANGIBLE ASSETS (CONTINUED)

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

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

#### 1.12.2 Subsequent Measurement - Cost Model

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

#### 1.12.3 Amortisation

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

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

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in 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.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 1.12 INTANGIBLE ASSETS (CONTINUED)

#### 1.12.5 Derecognition

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

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

### 1.13 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.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

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

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

#### 1.13.4 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 2023

### 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 2023

### 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 2023

### 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, calculate as follows for purposes of the leave provision:

Permanent employed staff (based on conditions in collective agreement):

Compulsory (annual) leave at Total cost of employment - Leave balance but capped at maximum 12 days

Non-compulsory (accumulated) leave at Basic salary - Leave balance but capped at maximum 48 days

Total leave balance - All available leave but capped at maximum 60 days

Contracted employed staff (based on contract conditions)

Balance of leave not taken at Total cost of employment - All leave days available but not capped

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 2023

### 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 2023

### 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 2023

### 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 2023

### 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 2023

### 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 2023

### 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 2023

### 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 2023

### 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 2023

### 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 2023

### 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 2023

### 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 2023

### 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 42 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 2023

### 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 2023

### 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 principal and for the benefit of the principal.

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

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

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

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

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

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

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 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 2023

### 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

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 2023

### 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.

Also refer to note 1.39.12

#### 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 2023

### 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 2023

### 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;
- (b) 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;
- (c) The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site; and
- (d) 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 or contractual agreements. Provision is made for the cost of accrued leave at reporting date as calculated as per 1.15.3.1 of the accounting policy. 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 2023

	2023 R	2022 R
<b>2 CASH AND CASH EQUIVALENTS</b>		
Bank Accounts	2 101 328	1 926 550
Call Investments and Other Deposits	85 834 478	43 003 553
Cash Floats	600	1 800
<b>Total</b>	<b>87 936 406</b>	<b>44 931 903</b>

Due to the short term nature of cash deposits, all balances included above is in line with their fair value

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	3 921 834	3 273 331
Unspent Annuity Loans	4 548 017	4 911 913
Roads Maintenance Services Payable	12 310 086	-
Rehabilitation Costs	3 772 375	2 567 377
Capital Replacement Reserve	21 000 000	13 000 000
Working Capital Requirements	42 384 094	21 179 281
<b>Total</b>	<b>87 936 406</b>	<b>44 931 903</b>

The Committed Rehabilitation Costs amounting to R 3 772 375 (2022 - R 2 567 377) 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.

	2023 R	2022 R
<b>Primary Bank Account</b>		
Bredasdorp Nedbank- Account number 11 7652 44 96		
Bank Statement Balance - Opening Balance	1 846 607	13 884 166
Bank Statement Balance - Closing Balance	1 940 485	1 846 607
<b>Other Bank Accounts</b>		
Bredasdorp ABSA - Account number 17 8000 00 62		
Bank Statement Balance - Opening Balance	78 264	350 363
Bank Statement Balance - Closing Balance	160 844	78 264
The municipality does not have an overdraft facility		
<b>Cashbook Balances (All Current Accounts)</b>		
Cashbook Balance - Opening Balance	1 926 550	14 234 112
Cashbook Balance - Closing Balance	2 101 328	1 926 550

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>2 CASH AND CASH EQUIVALENTS (CONTINUED)</b>		
<b>Call and Notice Deposits</b>		
Call and Notice Deposits consist out of the following accounts:		
ABSA Depositor Plus - Account Number 92 8755 1045	-	6 135 549
ABSA Depositor Plus - Account Number 92 8755 0641	3 772 375	2 567 377
ABSA Investment Tracker - Account Number 93 5889 2970	39 465 054	30 474 402
ABSA Investment Tracker - Account Number 93 7458 5345	24 877 837	-
Nedbank Call Account - Account Number 03 788 171 4042	17 719 211	2 826 225
Standard Bank Fixed Deposit - 078810361-001	-	1 000 000
<b>Total</b>	<b>85 834 478</b>	<b>43 003 553</b>

Interest of between 7.70 % and 8.90 % (2022 - 4.20 % and 5.93%) are attracted by these short term deposits.

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2023	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>4 421 202</b>	<b>495 107</b>	<b>3 926 095</b>
Electricity	6 694	1 671	5 023
Water	37 527	10 139	27 388
Housing rental	25 086	12 542	12 543
Sundry Debtors	4 351 895	470 755	3 881 141
Local Municipalities - Waste Disposal	640 673	-	640 673
Other	3 711 223	470 755	3 240 468
<b>Other Receivables</b>	<b>1 558 483</b>	<b>-</b>	<b>1 558 483</b>
Accrued Interest	642 927	-	642 927
Payments in Advance	915 556	-	915 556
<b>Total</b>	<b>5 979 685</b>	<b>495 107</b>	<b>5 484 578</b>
<b>30 JUNE 2022</b>			
<b>Service Receivables</b>	<b>3 359 919</b>	<b>449 843</b>	<b>2 910 076</b>
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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2022	Gross Balance	Allowance for impairment	Net Receivable
<b>Other Receivables</b>	<b>13 716 271</b>	-	<b>13 716 271</b>
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	709 454	-	709 454
<b>Total</b>	<b>17 076 190</b>	<b>449 843</b>	<b>16 626 347</b>
<b>Balance Previously Reported</b>	<b>17 000 529</b>	<b>449 843</b>	<b>16 550 686</b>
Prior Period Adjustment - Refer to note 43.1	75 661	-	75 661
<b>Restated Balance on 30 June 2022</b>	<b>17 076 190</b>	<b>449 843</b>	<b>16 626 347</b>

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. The money was transferred to the municipality during 2022/23.

Included in Sundry Debtors - Other on 30 June 2023 is an outstanding amount of R 1 111 852 from the Western Cape Department of Public Works. The receivable relates to an fire incident where the municipality provided the fire services to extinguish a fire that originated from their property (Akkedisberg).

Ageing of service receivables:	2023 R	2022 R
<b>Electricity Ageing</b>		
Current (0 - 30 days)	2 632	2 898
Past Due (31 - 60 Days)	76	1 679
Past Due (61 - 90 Days)	476	1 251
Past Due (90 Days +)	3 509	604
<b>Total</b>	<b>6 694</b>	<b>6 432</b>
<b>Water Ageing</b>		
Current (0 - 30 days)	-	2 888
Past Due (31 - 60 Days)	4 122	6
Past Due (61 - 90 Days)	9 360	-
Past Due (90 Days +)	24 046	6 816
<b>Total</b>	<b>37 527</b>	<b>9 709</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>		
<b>Housing Rental Ageing</b>		
Current (0 - 30 days)	-	-
Past Due (31 - 60 Days)	-	-
Past Due (61 - 90 Days)	-	-
Past Due (90 Days +)	25 086	29 446
<b>Total</b>	<b>25 086</b>	<b>29 446</b>
<b>Sundry Debtors Ageing</b>		
Current (0 - 30 days)	1 714 229	1 416 284
Past Due (31 - 60 Days)	1 450 678	325 706
Past Due (61 - 90 Days)	217 759	187 058
Past Due (90 Days +)	969 230	1 385 284
<b>Total</b>	<b>4 351 895</b>	<b>3 314 333</b>
<b>Total Service Receivables Ageing</b>		
Current (0 - 30 days)	1 716 861	1 422 070
Past Due (31 - 60 Days)	1 454 876	327 391
Past Due (61 - 90 Days)	227 594	188 309
Past Due (90 Days +)	1 021 871	1 422 150
<b>Total</b>	<b>4 421 202</b>	<b>3 359 919</b>
<b>Reconciliation of Allowance for impairment</b>		
Balance at the beginning of the year	449 843	1 787 710
Contribution to the provision	79 470	66 049
Electricity	1 376	57
Water	7 044	1 538
Housing rental	340	(1 470)
Sundry Debtors	70 710	65 924
Reversal of Debt Impairment	-	(1 403 916)
Department of Transport and Public Works	-	(1 403 916)
Bad Debts Written off	(34 206)	-
Housing rental	(2 520)	-
Sundry Debtors	(31 686)	-
<b>Balance at the end of the year</b>	<b>495 107</b>	<b>449 843</b>

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2023	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
<b>Service Receivables</b>	<b>13 973</b>	<b>6 987</b>	<b>6 986</b>
Legal fees Recovered	13 973	6 987	6 986
<b>Other Receivables</b>	<b>541 163</b>	<b>-</b>	<b>541 163</b>
Deposits	449 307	-	449 307
Other Debtors	91 856	-	91 856
<b>Total</b>	<b>555 135</b>	<b>6 987</b>	<b>548 149</b>

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

Deposits includes Eskom, Municipal and Rental Deposits.

	2023	2022
	R	R
<b>Ageing of service receivables:</b>		
<b>Legal Fees Ageing</b>		
Current (0 - 30 days)	-	-
Past Due (31 - 60 Days)	-	-
Past Due (61 - 90 Days)	-	-
Past Due (90 Days +)	13 973	20 436
<b>Total</b>	<b>13 973</b>	<b>20 436</b>

#### Reconciliation of Allowance for impairment

Balance at the beginning of the year	10 218	8 927
Contribution to the provision	(3 232)	1 291
Legal Fees	(3 232)	1 291
<b>Balance at the end of the year</b>	<b>6 987</b>	<b>10 218</b>



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

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.

	2023 R	2022 R
<b>5 OPERATING LEASES</b>		
<b>5.1 Operating Lease Asset</b>	-	-

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

Within 1 Year	13 188 185	11 434 261
Between 1 and 5 Years	18 281 293	25 573 009
Over 5 Years	1 758 507	2 557 176
<b>Total</b>	<b>33 227 985</b>	<b>39 564 446</b>

The prior year disclosure was updated from R 39 054 536 to R 39 564 447 to include disclosure of contracts incorrectly excluded.

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 (2022: 2032)

	2023 R	2022 R
<b>5.2 Operating Lease Liability</b>	-	-

The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.

The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms:

Within 1 Year	1 098 694	749 498
Between 1 and 5 Years	1 038 147	1 079 608
<b>Total</b>	<b>2 136 840</b>	<b>1 829 105</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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 2780.22 (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 Municipality renewed its lease agreement with Theewaterskloof Local Municipality for additional office space. The renewed lease agreement commenced on 1 April 2023 and will run up to 31 March 2026. The initial monthly rental is R 7014.88 (VAT inclusive) and the lease is subject to an annual increase of 7%.

The Municipality continued with an addendum to the lease agreement with Mr Johannes de Villiers De Kock for additional office space in Hermanus for Health Services. The lease addendum as per deviation commenced on 1 March 2023 and will run up to 29 February 2024. The monthly rental is R 19175 (VAT inclusive).

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 2022 and will run up to 31 July 2025. The initial monthly rental is R 24 230 (VAT inclusive) and the lease is subject to an annual increase of 6%.

The Municipality entered into a lease agreement with the Seeff Country for property to be utilised by the fire department in Barrydale. The lease agreement commenced on 1 July 2022 and will run up to 31 May 2025. The initial monthly rental is R 12800 (VAT inclusive) and the lease is subject to an annual increase of 10%.

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 2025. 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

	2023 R	2022 R
<b>6 TAXES</b>		
VAT Receivable	<b>525 557</b>	<b>11 981 541</b>
Balance Previously Reported		11 974 614
Prior Period Adjustment - Refer to note 43.2		6 927
The VAT balance is made up as follows:		
VAT Output in Suspense	(471 552)	(1 899 782)
VAT Input in Suspense	516 113	511 235
VAT Receivable from SARS	480 996	13 370 088
<b>Total</b>	<b>525 557</b>	<b>11 981 541</b>

VAT is accounted for on the payment basis.

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>7 INVENTORY</b>		
Consumables	1 571 247	1 872 911
Printing & Stationery	39 031	24 080
Fuel & Oil	1 107 686	1 402 324
Spare Parts	34 682	37 424
Grader Blades	320 255	323 587
Cleaning Materials	24 583	53 224
Other	45 012	32 272
<b>Total</b>	<b>1 571 247</b>	<b>1 872 911</b>

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

4 088	31 759
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Inventory recognised as an expense during the year.

23 543 605	17 926 425
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Inventory is disclosed at the lower of cost or net realisable value.

No inventory was pledged as security for liabilities.

### 8 INVESTMENT PROPERTY

Investment Property - Carrying Value	<b>12 796 600</b>	<b>12 796 600</b>
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The movement in Investment Property is reconciled as follows:

Investment Property - Opening Carrying Value	<b>12 796 600</b>	<b>12 811 350</b>
Cost	12 796 600	12 811 350
Disposals	-	(14 750)
Investment Property - Closing Carrying Value	<b>12 796 600</b>	<b>12 796 600</b>
Cost	12 796 600	12 796 600

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.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 9 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2023	Cost					Accumulated Depreciation					Accumulated Impairment			Carrying Value R
	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Closing Balance R	
Land	4 999 177	-	-	-	4 999 177	-	-	-	-	-	-	-	-	4 999 177
Buildings	18 690 408	571 888	-	-	19 262 295	6 718 140	310 596	-	-	7 028 736	313 006	-	313 006	11 920 554
Capitalised Restoration Cost	8 094 312	-	-	-	8 094 312	6 106 058	-	-	-	6 106 058	1 988 254	-	1 988 254	-
Infrastructure	39 655 108	366 764	-	-	40 021 872	10 492 688	873 168	-	-	11 365 856	-	-	-	28 656 017
Community Assets	14 800	-	-	-	14 800	4 052	493	-	-	4 545	-	-	-	10 255
Leased Assets	3 047 992	-	(99 992)	-	2 948 000	548 250	491 333	(99 992)	-	939 591	-	-	-	2 008 409
Computer Equipment	2 360 533	860 586	(64 801)	-	3 156 318	1 026 261	242 662	(35 777)	-	1 233 147	-	-	-	1 923 171
Furniture and fittings	3 191 704	403 307	(146 216)	-	3 448 795	1 929 328	177 467	(113 912)	-	1 992 883	-	15 224	15 224	1 440 688
Machinery and equipment	6 282 846	1 370 212	(309 675)	(22 222)	7 321 161	1 475 372	438 812	(197 646)	(5 120)	1 711 417	-	-	-	5 609 743
Office equipment	1 392 245	56 239	(71 237)	-	1 377 246	715 384	98 548	(42 141)	-	771 791	-	-	-	605 455
Vehicles	6 604 672	1 145 725	(150 546)	22 222	7 622 074	2 217 779	370 465	(102 005)	5 120	2 491 359	74 171	116 153	190 325	4 940 390
Specialised Vehicles	15 079 129	2 896 183	(623 994)	-	17 351 318	4 275 281	672 921	(263 498)	-	4 684 704	84 783	108 979	193 762	12 472 852
<b>Total</b>	<b>109 412 926</b>	<b>7 670 904</b>	<b>(1 466 461)</b>	<b>-</b>	<b>115 617 369</b>	<b>35 508 593</b>	<b>3 676 465</b>	<b>(854 972)</b>	<b>-</b>	<b>38 330 086</b>	<b>2 460 214</b>	<b>240 356</b>	<b>2 700 571</b>	<b>74 586 712</b>

30 JUNE 2022	Cost					Accumulated Depreciation					Accumulated Impairment			Carrying Value R
	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Closing Balance R	
Land	4 999 177	-	-	-	4 999 177	-	-	-	-	-	-	-	-	4 999 177
Buildings	18 469 274	233 886	(12 753)	-	18 690 408	6 437 123	293 740	(12 723)	-	6 718 140	313 006	-	313 006	11 659 262
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	39 655 108	-	-	-	39 655 108	9 611 243	881 445	-	-	10 492 688	-	-	-	29 162 420
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	2 868 101	273 861	(781 429)	-	2 360 533	1 466 021	223 824	(663 584)	-	1 026 261	-	-	-	1 334 272
Furniture and fittings	3 708 605	149 888	(666 788)	-	3 191 704	2 279 262	177 962	(527 895)	-	1 929 328	-	-	-	1 262 377
Machinery and equipment	4 441 298	1 992 182	(150 634)	-	6 282 846	1 241 130	348 784	(114 542)	-	1 475 372	-	-	-	4 807 474
Office equipment	1 651 296	27 811	(286 862)	-	1 392 245	801 570	108 138	(194 324)	-	715 384	-	-	-	676 861
Vehicles	6 931 955	706 710	(714 496)	(319 496)	6 604 672	2 439 724	340 741	(516 357)	(46 330)	2 217 779	-	74 171	74 171	4 312 722
Specialised Vehicles	12 391 793	3 204 891	(837 051)	319 496	15 079 129	4 223 721	618 524	(613 294)	46 330	4 275 281	-	84 783	84 783	10 719 065
<b>Total</b>	<b>105 752 150</b>	<b>9 537 228</b>	<b>(5 876 452)</b>	<b>-</b>	<b>109 412 926</b>	<b>36 555 859</b>	<b>3 569 672</b>	<b>(4 616 938)</b>	<b>-</b>	<b>35 508 593</b>	<b>2 301 260</b>	<b>158 955</b>	<b>2 460 214</b>	<b>71 444 119</b>

Balance Previously Reported	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
Prior Period Adjustment	(46 548)	-	-	-	(46 548)	(43 639)	(1 277)	-	-	(44 916)	-	158 955	158 955	(160 586)
<b>Restated Balance on 30 June 2022</b>	<b>105 752 150</b>	<b>9 537 228</b>	<b>(5 876 452)</b>	<b>-</b>	<b>109 412 926</b>	<b>36 555 859</b>	<b>3 569 672</b>	<b>(4 616 938)</b>	<b>-</b>	<b>35 508 593</b>	<b>2 301 260</b>	<b>158 955</b>	<b>2 460 214</b>	<b>71 444 119</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

9.1 There is no property, plant and equipment where title is restricted.

9.2 Leased 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:

	2023 R	2022 R
Buildings	129 043	156 417
Infrastructure	366 764	-
<b>Total</b>	<b>495 808</b>	<b>156 417</b>

The Infrastructure work in progress on 30 June 2023 relates to the upgrading of the access road and installation of borehole pump, pipeline and switchgear at the Karwyderskraal facility.

Included in work in progress are buildings (30 June 2023 and 30 June 2022) 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 was not yet completed at year-end, while the 30 June 2023 relates to the fencing project at the main offices.

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 2021/22 and 2022/23:

	2023 R	2022 R
Infrastructure - Opening Balance	1 176 716	1 176 716
Capitalised during the year	2 868	-
<b>Infrastructure - Closing Balance</b>	<b>1 179 584</b>	<b>1 176 716</b>

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 2023

### 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

9.6 Infrastructure assets can broadly be classified in the following 2 categories:

	2023 R	2022 R
Service Delivery Infrastructure Assets at Resorts	4 063 609	4 339 476
Infrastructure at Karwyderskraal Solid Waste Facility	24 592 408	24 822 944
<b>Total Carrying Value</b>	<b>28 656 017</b>	<b>29 162 420</b>

9.7 Refer to note 42 for maintenance related expenditure incurred on property, plant and equipment.

### 10 INTANGIBLE ASSETS

	2023 R	2022 R
Intangible Assets - Carrying Value	<u>4 986</u>	<u>8 023</u>

The movement in intangible assets is reconciled as follows:

<b>Opening Carrying Value</b>	8 023	11 697
Cost	89 538	89 538
Accumulated Amortisation	(81 515)	(77 841)
Amortisation for the year	(3 037)	(3 674)
<b>Closing Carrying Value</b>	4 986	8 023
Cost	89 538	89 538
Accumulated Amortisation	(84 552)	(81 515)

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 2023

	2023 R	2022 R
<b>11 EMPLOYEE BENEFITS</b>		
Employee Benefits (Roads)	22 160 000	24 123 000
Less Current Portion	(1 863 000)	(1 931 000)
<b>Total</b>	<b>20 297 000</b>	<b>22 192 000</b>

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

Opening Balance	24 123 000	24 984 000
Contribution during the year	3 164 000	2 788 000
Current Service Cost	503 000	524 000
Interest Cost	2 661 000	2 264 000
Claimable from Department of Roads	(1 675 117)	(1 928 748)
Actuarial Gain	(3 451 883)	(1 720 252)
<b>Total</b>	<b>22 160 000</b>	<b>24 123 000</b>

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

In terms of the agreement between the Western Cape Provincial Government and based on the past experience of the relationship between the municipality and the provincial department, 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.

	2023 R	2022 R
<b>12 LONG-TERM LIABILITIES</b>		
Annuity Loans	15 232 032	18 915 627
Finance Lease Liabilities	1 357 342	2 304 479
<b>Sub-Total</b>	<b>16 589 374</b>	<b>21 220 106</b>
Less: Current portion of Long-term Liabilities	5 364 871	4 630 732
Annuity Loans	4 119 875	3 683 595
Finance Lease Liabilities	1 244 997	947 137
<b>Total</b>	<b>11 224 503</b>	<b>16 589 374</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 12 LONG-TERM LIABILITIES (CONTINUED)

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:

	2023 R	2022 R
Opening Balance - Unspent Loans	4 911 913	4 911 913
Assets purchased	(363 896)	-
<b>Closing Balance - Unspent Loans</b>	<b>4 548 017</b>	<b>4 911 913</b>

The municipality is in process to spend the unspent loan and it is expected that the loan will be fully spent during 2023/2024.

#### Annuity Loans

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

Standard Bank	15 232 032	18 915 627
---------------	------------	------------

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.

<b>15 232 032</b>	<b>18 915 627</b>
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Annuity loans are payable as follows:

Payable within one year	5 611 160	5 611 160
Payable within two to five years	12 625 111	18 236 271
Payable after five years	-	-

<b>Total amount payable</b>	<b>18 236 271</b>	<b>23 847 432</b>
<b>Less:</b> Outstanding Future Finance Charges	<b>(3 004 239)</b>	<b>(4 931 804)</b>

<b>Present value of annuity loans</b>	<b>15 232 032</b>	<b>18 915 627</b>
---------------------------------------	-------------------	-------------------

#### Finance Lease Liabilities

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

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

The municipality entered into a new finance lease with Nashua agreement during 2021/22. 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.



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 12 LONG-TERM LIABILITIES (CONTINUED)

Assets and liabilities associated with finance lease contracts:

Nr	Carrying Value of Asset		Carrying Value of Liability	
	2023 R	2022 R	2023 R	2022 R
2	2 008 409	2 499 742	1 357 342	2 304 479
	<b>2 008 409</b>	<b>2 499 742</b>	<b>1 357 342</b>	<b>2 304 479</b>

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.

	2023 R	2022 R
Finance Lease Liabilities are payable as follows:		
Payable within one year	1 349 580	1 191 900
Payable within two to five years	113 560	1 463 140
<b>Total amount payable</b>	<b>1 463 140</b>	<b>2 655 040</b>
<b>Less:</b> Outstanding Future Finance Charges	(105 798)	(350 561)
<b>Present value of finance lease liabilities</b>	<b>1 357 342</b>	<b>2 304 479</b>

### 13 CONSUMER DEPOSITS

Electricity	8 160	8 160
<b>Total</b>	<b>8 160</b>	<b>8 160</b>
Guarantees held in lieu of Electricity Deposits	-	-

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

### 14 PAYABLES FROM EXCHANGE TRANSACTIONS

	2023 R	2022 R
Trade Payables	5 168 656	3 200 918
Balance Previously Reported		3 147 814
Prior Period Adjustment - Refer to note 43.4		53 104
Payments received in advance	595 110	718 246
Rent Deposits	173 440	139 642
Sundry Payables	798 493	841 968
Balance Previously Reported		1 012 997
Prior Period Adjustment - Refer to note 43.4		(171 029)
Roads Maintenance Services	12 310 086	-
<b>Total</b>	<b>19 045 785</b>	<b>4 900 774</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 14 PAYABLES FROM EXCHANGE TRANSACTIONS

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 2023 can mainly be attributed to substantial advances received from the Provincial Roads Department before year-end. Refer to note 24 for reconciliation of the Roads Maintenance Payable.

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

	2023 R	2022 R
<b>15 UNSPENT CONDITIONAL GOVERNMENT GRANTS</b>		
National Government	101 630	88 580
Provincial Government	3 820 204	3 184 751
<b>Total</b>	<b>3 921 834</b>	<b>3 273 331</b>

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

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

	2023 R	2022 R
<b>16 CURRENT EMPLOYEE BENEFITS</b>		
Post Retirement Medical Benefits	3 368 000	3 418 000
Long Service Awards	663 000	755 000
Bonuses	3 274 525	2 904 710
Staff Leave	8 763 773	7 165 604
Balance Previously Reported		7 193 066
Prior Period Adjustment - Refer to note 43.5		(27 462)
<b>Total</b>	<b>16 069 298</b>	<b>14 243 314</b>

The movement in current employee benefits are reconciled as follows:

#### Bonuses

Opening Balance	2 904 710	2 632 114
Contribution during the year	6 563 227	5 859 406
Payments made	(6 193 412)	(5 586 810)
<b>Closing Balance</b>	<b>3 274 525</b>	<b>2 904 710</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 16 CURRENT EMPLOYEE BENEFITS (CONTINUED)

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.

	2023 R	2022 R
<b>Staff Leave</b>		
Opening Balance	7 165 604	7 386 027
Contribution during the year	2 009 848	694 710
Payments made	(411 679)	(915 133)
<b>Closing Balance</b>	<b>8 763 773</b>	<b>7 165 604</b>

Staff leave accrued to employees according to the collective agreement. Provision is made for the 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.

	2023 R	2022 R
<b>17 EMPLOYEE BENEFITS</b>		
Post Retirement Medical Benefits	46 324 000	50 163 000
Long Service Awards	6 308 000	6 073 000
<b>Sub-Total</b>	<b>52 632 000</b>	<b>56 236 000</b>
Less: Current portion of Employee Benefits	<b>4 031 000</b>	<b>4 173 000</b>
Post Retirement Medical Benefits	3 368 000	3 418 000
Long Service Awards	663 000	755 000
<b>Total</b>	<b>48 601 000</b>	<b>52 063 000</b>

The total liability can be attributed to the following:

Roads Function - also refer to receivable raised in note 11	22 160 000	24 123 000
Other municipal functions	30 472 000	32 113 000
<b>Total</b>	<b>52 632 000</b>	<b>56 236 000</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### 17.1 Post Retirement Medical Benefits

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

	2023 R	2022 R
Opening Balance	50 163 000	53 502 000
Contribution during the year	6 304 000	5 711 000
Current Service Cost	726 000	813 000
Interest Cost	5 578 000	4 898 000
Payments made	(3 217 445)	(3 233 834)
Actuarial Gain	(6 925 555)	(5 816 166)
<b>Total balance at year-end</b>	<b>46 324 000</b>	<b>50 163 000</b>
Less Current Portion	3 368 000	3 418 000
<b>Total</b>	<b>42 956 000</b>	<b>46 745 000</b>

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

	2023	2022
In-service members	77	78
Continuation members	71	76
<b>Total</b>	<b>148</b>	<b>154</b>

At year-end there were also 87 (2022 - 93) eligible In-service non-members.

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

	2023 R	2022 R
In-service employees	12 807 000	13 796 000
Continuation members	33 517 000	36 367 000
<b>Total Unfunded Liability</b>	<b>46 324 000</b>	<b>50 163 000</b>

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

	2021 R	2020 R	2019 R
In-service members	14 959 000	14 311 000	14 620 546
Continuation members	38 543 000	30 207 000	34 819 575
<b>Total Unfunded Liability</b>	<b>53 502 000</b>	<b>44 518 000</b>	<b>49 440 121</b>

Experience adjustments were calculated as follows:

	2023 R m	2022 R m
Liabilities: (Gain)/Loss	(2.164)	(3.309)
Assets: Gain/(Loss)	-	-

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 17 EMPLOYEE BENEFITS (CONTINUED)

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

	2021 R m	2020 R m	2019 R m
Liabilities: (Gain)/Loss	1.074	(1.456)	(3.062)
Assets: Gain/(Loss)	-	-	-

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

Bonitas	Keyhealth	Samwumed	LA Health	Sizwe-Hosmed
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Key Actuarial Assumptions used are as follows:

	2023	2022
<b>Interest Rates</b>		
Discount rate	12.08%	11.50%
Health Care Cost Inflation Rate	7.85%	8.16%
Net Effective Discount Rate	3.92%	3.09%

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

#### 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 (2022 - 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% (2022 - 60%) while the continuation of membership at retirement is estimated at 75% (2022 - 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% (2022 - 15%).

#### Last Valuation

The last valuation was performed on 20 June 2023.

#### Actuarial Valuation Method

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

	2023 R	2022 R
<b>The amounts recognised in the Statement of Financial Performance are:</b>		
Employee Related Cost - Current Service Cost	726 000	813 000
Finance Charges - Interest Cost	5 578 000	4 898 000
Actuarial Gain	(6 925 555)	(5 816 166)
<b>Net amount charged to Statement of Financial Performance</b>	<b>(621 555)</b>	<b>(105 166)</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 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	12.807	33.517	46.324	
Health care inflation				
+ 1%	15.272	36.339	51.611	11%
- 1%	10.831	31.034	41.865	-10%
Discount rate				
+ 1%	10.914	31.142	42.056	-9%
- 1%	15.190	36.252	51.442	11%
Post-retirement mortality				
+ 1 year	12.492	32.343	44.835	-3%
- 1 year	13.117	34.697	47.814	3%
Average retirement age				
- 1 year	13.955	33.517	47.472	2%
Continuation of membership at retirement				
- 10%	11.173	33.517	44.690	-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	0.635	5.398	6.033	
Health care inflation				
+ 1%	0.775	6.036	6.811	13%
- 1%	0.523	4.861	5.384	-11%
Discount rate				
+ 1%	0.534	5.287	5.821	-4%
- 1%	0.764	5.518	6.282	4%
Post-retirement mortality				
+ 1 year	0.619	5.219	5.838	-3%
- 1 year	0.650	5.578	6.228	3%
Average retirement age				
- 1 year	0.680	5.537	6.217	3%
Continuation of membership at retirement				
- 10%	0.554	5.201	5.755	-5%

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### 17.2 Long Service Awards

The movement in Long Service Awards is reconciled as follows:

	2023 R	2022 R
Opening Balance	6 073 000	6 017 000
Contribution during the year	1 189 000	1 019 000
Current Service Cost	545 000	498 000
Interest Cost	644 000	521 000
Payments made	(725 996)	(952 587)
Actuarial Gain	(228 004)	(10 413)
<b>Total balance at year-end</b>	<b>6 308 000</b>	<b>6 073 000</b>
Less Current Portion	663 000	755 000
<b>Total</b>	<b>5 645 000</b>	<b>5 318 000</b>

The following members are eligible for long service bonuses:

	2023	2022
In-service members	360	337

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

	2023 R	2022 R
In-service members	6 308 000	6 073 000
<b>Total Unfunded Liability</b>	<b>6 308 000</b>	<b>6 073 000</b>

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

	2021 R	2020 R	2019 R
In-service members	6 017 000	6 087 000	5 879 921
<b>Total Unfunded Liability</b>	<b>6 017 000</b>	<b>6 087 000</b>	<b>5 879 921</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

		2023	2022
		R	R
<b>17</b>	<b>EMPLOYEE BENEFITS (CONTINUED)</b>		
	Experience adjustments were calculated as follows:		
	Liabilities: (Gain)/Loss	160 000	54 000
	Assets: Gain/(Loss)	-	-
	Experience adjustments were calculated as follows in years prior to the comparative year:		
		2021	2020
		R	R
	Liabilities: (Gain)/Loss	(488 000)	331 696
	Assets: Gain/(Loss)	-	-
		2023	2022
	Key Actuarial Assumptions used are as follows:		
	<b>Interest Rates</b>		
	Discount rate	11.95%	11.29%
	Normal Salary Increase Rate	7.25%	7.46%
	Net Effective Discount Rate applied to salary-related Long Service Bonuses	4.38%	3.57%
	The discount rate reflects the time value of money and is approximated with reference to the market yields at reporting date on government bonds.		
	<b>Last Valuation</b>		
	The last valuation was performed on 20 June 2023.		
	<b>Actuarial Valuation Method</b>		
	The Projected Unit Credit Method has been used to value the liabilities.		
	<b>Normal and Average Retirement Age</b>		
	It has been assumed that in-service members will retire at age 62 for all employees (2022 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.		
		2023	2022
		R	R
	<b>The amounts recognised in the Statement of Financial Performance are:</b>		
	Employee Related Cost - Current Service Cost	545 000	498 000
	Finance Charges - Interest Cost	644 000	521 000
	Actuarial Gain	(228 004)	(10 413)
	<b>Net amount charged to Statement of Financial Performance</b>	<b>960 996</b>	<b>1 008 587</b>



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 17 EMPLOYEE BENEFITS (CONTINUED)

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

Assumption	Total liability R m	% change
Liability	6.308	
General salary inflation		
+ 1%	6.717	6%
- 1%	5.940	-6%
Discount rate		
+ 1%	5.935	-6%
- 1%	6.728	7%
Average retirement age		
+ 2 years	7.193	14%
- 2 years	5.409	-14%
Withdrawal rates		
x 200 %	5.071	-20%
x 50 %	7.196	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	0.578	0.715	1.293	
General salary inflation				
+ 1%	0.631	0.764	1.395	8%
- 1%	0.532	0.671	1.203	-7%
Discount rate				
+ 1%	0.537	0.727	1.264	-2%
- 1%	0.626	0.701	1.327	3%
Average retirement age				
+ 2 years	0.632	0.820	1.452	12%
- 2 years	0.521	0.611	1.132	-12%
Withdrawal rates				
x 200 %	0.401	0.567	0.968	-25%
x 50 %	0.717	0.821	1.538	19%

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17	EMPLOYEE BENEFITS (CONTINUED)	2023 R	2022 R
<b>17.3 Other Pension Benefits</b>			
<b>Defined-Benefit Plans</b>			
Council contributes to the following defined-benefit plans:			
	LA Retirement Fund (former Cape Joint Pension Fund)	538 083	692 108
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund is in a sound financial position with a funding level of 111.6% (30 June 2021 - 104.9%).			
	Consolidated Retirement Fund (former Cape Retirement Fund)	12 750 534	10 985 031
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund is in a sound financial position with a funding level of 131.6%. (30 June 2021 - 133.0%)			
	<b>Total</b>	<b>13 288 617</b>	<b>11 677 139</b>

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

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator 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.

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.

	2023 R	2022 R
<b>Defined Contribution Plans</b>		
Council contributes to the following defined contribution plans:		
Municipal Councillors Pension Fund	84 082	78 789
SAMWU National Provident Fund	976 108	997 233
<b>Total</b>	<b>1 060 191</b>	<b>1 076 023</b>

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 18 NON-CURRENT PROVISIONS

	2023 R	2022 R
Rehabilitation Provision - Landfill Sites	<u>1 248 052</u>	<u>1 746 563</u>
The movement in Rehabilitation Provision - Landfill Sites is reconciled as follows:		
Opening Balance	1 746 563	3 528 106
Contribution during the year	(498 511)	(1 781 542)
Increase/(Decrease) in estimate	(690 633)	(2 120 241)
Interest Cost	192 122	338 698
<b>Total balance at year-end</b>	<b>1 248 052</b>	<b>1 746 563</b>
Less Current Portion	-	-
<b>Total</b>	<b><u>1 248 052</u></b>	<b><u>1 746 563</u></b>

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.

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

Site	Expected Decommissioning Date	2023 R	2022 R
		Karwyderskraal - Cell 1 and 2	2084
Karwyderskraal - Cell 3	2084	257 907	357 961
Karwyderskraal - Cell 4	2084	441 085	612 129
<b>Sub-Total</b>		<b>1 191 028</b>	<b>1 652 208</b>
Post Monitoring and Inspection		57 024	94 355
<b>Total</b>		<b><u>1 248 052</u></b>	<b><u>1 746 563</u></b>

Time value of money (discounting) is considered to be material. The discount rate is the rate associated with a liability of a similar risk and maturity as the provision. Due to the long term nature of this provision, which is estimated to be settled in 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 11.90 % (2022 – 11.00%).

The decrease in liability can mainly be attributed to the increase in discount rate from 11.00% to 11.90%.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 18 NON-CURRENT PROVISIONS (CONTINUED)

	2023	2022
Estimated area to be rehabilitated (m <sup>2</sup> )		
- Cell 1 and 2	46 050	46 050
- Cell 3	23 600	23 600
- Cell 4	42 200	42 200

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

- Cell 1 and 2	368	342
- Cell 3	376	351
- Cell 4	360	335

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:

	2023	2022
	R	R
Karwyderskraal - Cell 1 and 2	16 938 594	15 765 372
Karwyderskraal - Cell 3	8 878 599	8 273 343
Karwyderskraal - Cell 4	15 184 591	14 147 772
<b>Total</b>	<b>41 001 784</b>	<b>38 186 487</b>

Environmental Specialists were utilised to determine the current cost of rehabilitation of landfill sites.

Refer to note 2 for investment ring fenced specifically for the future rehabilitation of Cell 4

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 previous year due to lower than expected waste volumes received than previously estimated.

### 19 RESERVES

	2023	2022
	R	R
Accumulated Surplus	100 130 732	86 863 283
<b>Total</b>	<b>100 130 732</b>	<b>86 863 283</b>

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

Opening Balance	13 000 000	4 988 500
Transfers to Reserves	14 002 469	12 505 249
Capital Assets Purchased	(6 002 469)	(4 493 749)
<b>Closing Balance</b>	<b>21 000 000</b>	<b>13 000 000</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>20 GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Unconditional Grants - National Government</b>	<b>81 486 000</b>	<b>77 374 974</b>
Equitable Share	81 486 000	77 374 974
<b>Conditional Grants - National Government</b>	<b>4 944 950</b>	<b>5 857 874</b>
Equitable Share - Disaster Relief (COVID 19)	-	1 185 454
Financial Management Grant (FMG)	1 000 000	1 000 000
Expanded Public Works Program (EPWP)	1 123 000	1 053 000
Rural Roads Asset Management System	2 821 950	2 619 420
<b>Conditional Grants - Provincial Government</b>	<b>4 668 595</b>	<b>3 879 610</b>
Health Subsidy	156 645	183 196
Other Provincial Allocations	4 511 950	3 696 415
<b>Conditional Grants - National Departmental Agencies</b>	<b>354 357</b>	<b>302 940</b>
Education, Training and Development Practices SETA	354 357	302 940
<b>Total</b>	<b>91 453 902</b>	<b>87 415 398</b>
Disclosed as:		
Revenue from Non-Exchange Transactions (Operating)	90 234 463	86 299 813
Revenue from Non-Exchange Transactions (Capital)	1 219 439	1 115 586
<b>Total</b>	<b>91 453 902</b>	<b>87 415 398</b>
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	81 486 000	78 560 428
Finance	8 688 257	7 618 775
Community Services	1 279 645	1 236 196
<b>Total</b>	<b>91 453 902</b>	<b>87 415 398</b>

The movements per grant can be summarised as follows:

### 20.1 Equitable Share

Grants Received	81 486 000	77 374 974
Transferred to Revenue - Operating	(81 486 000)	(77 374 974)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>20.2 Equitable Share - Disaster Relief (COVID 19)</b>		
Opening Unspent Balance	-	1 185 454
Transferred to Revenue - Operating	-	(1 185 454)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
This dedicated additional grant allocation as part of the equitable share allocation was utilised and aligned with the National Treasury directives issue to assist municipalities with prescribed expenditure relating to the COVID-19 pandemic.		
<b>20.3 Financial Management Grant (FMG)</b>		
Grants Received	1 000 000	1 000 000
Transferred to Revenue - Operating	(1 000 000)	(1 000 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
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 is also utilised to cover expenditure relating to the Financial Management Internship Programme.		
<b>20.4 Expanded Public Works Program (EPWP)</b>		
Grants Received	1 123 000	1 053 000
Transferred to Revenue - Operating	(1 123 000)	(1 053 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
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.		
<b>20.5 Rural Roads Asset Management System</b>		
Opening Unspent Balance	88 580	2 655 974
Grants Received	2 835 000	2 708 000
Transferred to Revenue - Operating	(2 821 950)	(2 619 420)
Returned to National Treasury	-	(2 655 974)
<b>Closing Unspent Balance</b>	<b>101 630</b>	<b>88 580</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
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).		
<b>20.6 Health Subsidy</b>		
Grants Received	156 645	183 196
Transferred to Revenue - Operating	(156 645)	(183 196)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
Health subsidies were used to fund expenditure incurred for continued benefits of primary health care personnel previously employed by the municipality.		
<b>20.7 Other Provincial Allocations and SETA</b>		
Opening Unspent Balance	3 184 751	1 824 937
Grants Received	5 509 033	5 359 169
Transferred to Revenue - Capital	(1 219 439)	(1 115 586)
Transferred to Revenue - Operating	(3 646 867)	(2 883 769)
Returned to Provincial Treasury	(7 273)	-
<b>Closing Unspent Balance</b>	<b>3 820 205</b>	<b>3 184 751</b>
Other Provincial Allocations includes grants such as:		
- Provincial Finance Management Support Grant		
- SETA Training Fund		
- Fire Safety Plan		
- Human Relief Grant		
- Human Capacity Building Grant		
- Joint District and Metro Approach Grant		
- Load Shedding Mitigation Grant		
- Municipal Intervention Grant		
- Local Government Public Employment Support Grant		
Refer to Appendix D for more detail relating to Other Provincial Allocations		
<b>20.8 Total Grants</b>		
Opening Unspent Balance	3 273 331	5 666 365
Grants Received	92 109 678	87 678 338
Transferred to Revenue - Capital	(1 219 439)	(1 115 586)
Transferred to Revenue - Operating	(90 234 463)	(86 299 813)
Returned to National Treasury	-	(2 655 974)
Returned to Provincial Treasury	(7 273)	-
<b>Closing Unspent Balance</b>	<b>3 921 834</b>	<b>3 273 331</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>21 PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
Western Cape Disaster Management, Fire and Rescue Services	-	143 391
<b>Total</b>	<b>-</b>	<b>143 391</b>
<b>22 CONTRIBUTED ASSETS</b>		
Western Cape Disaster Management, Fire and Rescue Services	-	979 894
Private Institutions and Individuals	85 099	-
<b>Total</b>	<b>85 099</b>	<b>979 894</b>
<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 21</p>		
	<b>2023 R</b>	<b>2022 R</b>
<b>23 ACTUARIAL GAINS</b>		
Post Retirement Medical Benefits	6 925 555	5 816 166
Long Service Awards	228 004	10 413
<b>Total</b>	<b>7 153 559</b>	<b>5 826 580</b>
<b>24 ROADS MAINTENANCE SERVICES</b>		
Roads Maintenance Services	116 243 175	116 170 162
<b>Total</b>	<b>116 243 175</b>	<b>116 170 162</b>
<b>Details of roads maintenance services:</b>		
Payable at the beginning of the year	(709 454)	13 180 697
Funds Received	131 225 714	106 984 178
Transferred to Revenue - Operating	(116 243 175)	(116 170 162)
Decrease in Current Receivable (Department of Transport and Public Works)	-	(3 843 166)
Increase/(Decrease) in Non-Current Employee Benefit Receivable	(1 963 000)	(861 000)
<b>(Receivable)/Payable at the end of the year</b>	<b>12 310 086</b>	<b>(709 454)</b>

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 2023

	2023 R	2022 R
<b>25 SERVICE CHARGES</b>		
Landfill Revenue	10 884 386	9 812 384
Electricity	711 287	278 381
Sewerage	704 427	-
Water	35 128	-
<b>Total</b>	<b>12 335 228</b>	<b>10 090 765</b>

The Landfill Revenue raised relates to the Karwyderskraal dumping site where landfill services are mainly rendered to the Theewaterskloof - and Overstrand Local Municipalities.

	2023 R	2022 R
<b>26 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Resorts	16 057 252	15 396 890
Equipment	27 662	47 227
Other	32 400	29 782
<b>Total</b>	<b>16 117 314</b>	<b>15 473 899</b>

<b>27 AGENCY SERVICES</b>		
Roads	12 005 981	11 500 908
<b>Total</b>	<b>12 005 981</b>	<b>11 500 908</b>

The Roads agency fee relates to the roads function being performed by the municipality on behalf of the Western Cape Provincial Government.

	2023 R	2022 R
<b>28 OTHER INCOME</b>		
Fire Services	5 543 643	3 970 186
Inspection Fees	301 653	171 680
Legal Costs Recovered	241 422	-
Discount Received	144 090	-
Shared Services	-	234 899
Reduction in Rehabilitation Provision	690 633	1 668 114
Sundry Income	429 479	370 689
<b>Total</b>	<b>7 350 920</b>	<b>6 415 568</b>
<b>Disclosed as:</b>		
Revenue From Non-Exchange Transactions	690 633	1 668 114
Revenue From Exchange Transactions	6 660 286	4 747 454
<b>Total</b>	<b>7 350 920</b>	<b>6 415 568</b>

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 2023

	2023 R	2022 R
<b>29 REVERSAL OF DEBT IMPAIRMENT</b>		
Receivables from exchange transactions	-	1 403 916
<b>Total</b>	<b>-</b>	<b>1 403 916</b>
<b>30 GAIN ON DISPOSAL OF INVESTMENT PROPERTY</b>		
Gain on disposal of Investment Property	-	11 724 380
<b>Total</b>	<b>-</b>	<b>11 724 380</b>
<b>31 EMPLOYEE RELATED COSTS</b>		
Basic Salaries and Wages	82 596 253	76 056 363
Bonus	6 563 227	5 859 406
Performance Bonus	173 731	124 058
Pension Fund Contributions	14 208 617	12 633 184
Medical Aid Contributions	4 938 783	4 538 026
Motor Vehicle Allowance	4 654 653	3 663 457
Overtime	2 714 532	4 047 408
UIF Contributions	703 865	674 539
Cellphone Allowance	472 530	430 640
Housing Allowances	264 989	274 849
Standby Allowance	3 897 838	3 583 848
Group Life Insurance	4 320 714	3 876 988
Bargaining Council Levy	46 224	42 704
Workmen's Compensation Contributions	745 901	563 884
Leave Contributions	2 009 848	694 710
Long service awards	545 000	498 000
Post Retirement Medical Benefits	726 000	813 000
<b>Total</b>	<b>129 582 704</b>	<b>118 375 064</b>

### Remuneration of Key Personnel

Key personnel are appointed on fixed term contracts.

### Remuneration of the Municipal Manager - RG Bosman (Appointed 1 June 2022)

Basic Salary	1 110 998	86 500
Pension and UIF Contributions	182 313	14 487
Motor Vehicle Allowance	72 000	6 000
Housing Allowance	687	13
Cellphone Allowance	24 000	2 000
<b>Total</b>	<b>1 389 998</b>	<b>109 000</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>31 EMPLOYEE RELATED COSTS (CONTINUED)</b>		
<p>The current year disclosure includes back pay relating to the prior year amounting to R 3 300. The back pay was only approved in December 2022 by Council after a notice was published in the Government Gazette on 18 November 2022 to increase the upper limits and a non-pensionable cash gratuity payable effectively as from 1 July 2021.</p>		
<b>Remuneration of the Municipal Manager - DP Beretti (Appointed 18 November 2013 up to 31 October 2021)</b>		
Basic Salary	-	484 866
Pension and UIF Contributions	-	708
Motor Vehicle Allowance	-	52 000
Housing Allowance	-	1 504
Cellphone Allowance	-	6 000
<b>Total</b>	<b>-</b>	<b>545 078</b>
<p>The former Municipal Manager received back pay amounting to R 14 199 in the current year. The back pay was only approved in December 2022 by Council after a notice was published in the Government Gazette on 18 November 2022 to increase the upper limits and a non-pensionable cash gratuity payable effectively as from 1 July 2021.</p>		
<b>Remuneration of the Acting Municipal Manager - NL Kruger (1 November 2021 up to 31 January 2022)</b>		
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
<b>Total</b>	<b>-</b>	<b>343 440</b>
<b>Remuneration of the Acting Municipal Manager - PA Oliver (1 February 2022 up to 31 May 2022)</b>		
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
<b>Total</b>	<b>-</b>	<b>457 920</b>
<b>Total Cost - Municipal Manager</b>	<b>1 389 998</b>	<b>1 455 438</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>31 EMPLOYEE RELATED COSTS (CONTINUED)</b>		
<b>Remuneration of the Chief Financial Officer - NL Kruger (Appointed on 1 July 2021)</b>		
Basic Salary	1 049 584	711 423
Performance Bonus	96 517	47 986
Pension and UIF Contributions	2 125	1 594
Motor Vehicle Allowance	67 200	49 500
Housing Allowance	668	586
Cellphone Allowance	18 000	13 500
<b>Total</b>	<b>1 234 094</b>	<b>824 588</b>
The current year disclosure includes back pay relating to the prior year amounting to R 35 520. The back pay was only approved in December 2022 by Council after a notice was published in the Government Gazette on 18 November 2022 to increase the upper limits and a non-pensionable cash gratuity payable effectively as from 1 July 2021.		
<b>Remuneration of the Acting Chief Financial Officer - CF Hoffmann (2 November 2021 to 1 December 2021)</b>		
Basic Salary	-	69 937
Pension and UIF Contributions	-	177
Motor Vehicle Allowance	-	5 300
Housing Allowance	-	48
Cellphone Allowance	-	500
<b>Total</b>	<b>-</b>	<b>75 962</b>
<b>Remuneration of the Acting Chief Financial Officer - Z Van Rooyen (2 December 2021 to 31 January 2022)</b>		
Basic Salary	-	137 574
Pension and UIF Contributions	-	354
Motor Vehicle Allowance	-	10 426
Housing Allowance	-	95
Cellphone Allowance	-	984
<b>Total</b>	<b>-</b>	<b>149 433</b>
<b>Total Cost - Chief Financial Officer</b>	<b>1 234 094</b>	<b>1 049 984</b>
<b>Remuneration of the Director Community Services - DJ Adonis (1 January 2023 to 30 April 2023)</b>		
Basic Salary	320 727	-
Pension and UIF Contributions	50 892	-
Motor Vehicle Allowance	20 800	-
Housing Allowance	96	-
Cellphone Allowance	6 000	-
<b>Total</b>	<b>398 515</b>	<b>-</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>31 EMPLOYEE RELATED COSTS (CONTINUED)</b>		
<b>Remuneration of the Director Community Services - PA Oliver (6 June 2018 to 30 June 2022)</b>		
Basic Salary	-	542 776
Performance Bonus	-	76 073
Pension and UIF Contributions	-	91 129
Motor Vehicle Allowance	-	44 000
Housing Allowance	-	409
Cellphone Allowance	-	12 000
<b>Total</b>	<b>-</b>	<b>766 386</b>
The former Director Community Services received a back pay amounting to R 35 603 and a performance bonus of R 77 214 in the current year. The back pay was only approved in December 2022 by Council after a notice was published in the Government Gazette on 18 November 2022 to increase the upper limits and a non-pensionable cash gratuity payable effectively as from 1 July 2021.		
<b>Total Cost - Director Community Services</b>	<b>398 515</b>	<b>766 386</b>
<b>Remuneration of the Director Corporate Services - VS Zeeman (Appointed on 1 July 2022)</b>		
Basic Salary	881 132	-
Pension and UIF Contributions	144 685	-
Motor Vehicle Allowance	45 600	-
Housing Allowance	455	-
Cellphone Allowance	18 000	-
<b>Total</b>	<b>1 089 872</b>	<b>-</b>
<b>32 REMUNERATION OF COUNCILLORS</b>		
Annual Remuneration	4 301 531	4 068 813
Pension Contributions	140 191	123 696
Motor Vehicle Allowance	1 309 696	1 250 772
Cellphone Allowance	444 000	428 227
<b>Total</b>	<b>6 195 418</b>	<b>5 871 509</b>

### 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.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

		2023	2022
		R	R
<b>32</b>	<b>REMUNERATION OF COUNCILLORS (CONTINUED)</b>		
<b>Remuneration detail of Councillors</b>			
<b>Councillors in office before and after elections on 8 November 2021</b>			
Mayor	AE Franken	951 672	892 357
Deputy Mayor	HD Coetzee	770 208	711 137
Speaker	LM De Bruyn	770 208	726 977
Mayoral Committee	SH Fourie	403 944	336 191
Mayoral Committee	AG Klaas	429 858	480 812
Direct	R Brinkhuys	331 524	216 523
Direct	NM Sapepa	331 524	214 716
<b>Incoming Councillors on and after 8 November 2021</b>			
Mayoral Committee	M Nomatiti	-	219 785
Mayoral Committee	JG Nieuwoudt	403 944	219 785
Mayoral Committee	AM Pokwas	2 860	15 159
Direct	M Mathews	331 524	211 007
Direct	RT Olivier	331 524	211 007
Direct	CH Elgin	331 524	211 007
Direct	MG Du Plessis	331 524	211 007
Part Time	M Nomatiti	305 610	-
Part Time	T Els	10 608	5 947
Part Time	S Silo	3 536	5 947
Part Time	JA van Staden	10 608	5 947
Part Time	MR Mokotwana	10 608	5 945
Part Time	MA Nomkoko	16 766	8 826
Part Time	BB Mkhwibiso	16 733	8 826
Part Time	J Mc Kenzie	20 093	9 929
Part Time	PJ Stander	22 366	13 239
Part Time	YM van Tonder	31 310	13 239
Part Time	F Kees	19 536	-
Part Time	CC Tafu-Nwonkwo	3 664	-
Part Time	D Julius	2 142	-
<b>Outgoing Councillors on 8 November 2021</b>			
Mayoral Committee	L Ntsabo	-	141 375
Mayoral Committee	CT Resandt	-	141 375
Mayoral Committee	S Fredericks	-	137 666
Direct	JC Gelderblom	-	116 263
Direct	KJ Tiemie	-	116 263
Direct	MH Witbooi	-	116 263

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

		2023 R	2022 R
<b>32</b>	<b>REMUNERATION OF COUNCILLORS (CONTINUED)</b>		
	Direct	-	116 263
	Part Time	-	9 869
	Part Time	-	3 709
	Part Time	-	3 709
	Part Time	-	1 540
	Part Time	-	870
	Part Time	-	4 413
	Part Time	-	3 310
	Part Time	-	3 310
	<b>Total</b>	<b>6 195 418</b>	<b>5 871 509</b>
<b>33</b>	<b>DEBT IMPAIRMENT</b>		
	Receivables from exchange transactions	79 470	66 049
	Receivables from non-exchange transactions	(3 232)	1 291
	<b>Total</b>	<b>76 239</b>	<b>67 340</b>
<b>34</b>	<b>DEPRECIATION AND AMORTISATION</b>		
	Property, Plant and Equipment	3 676 465	3 569 672
	Intangible Assets	3 037	3 674
	<b>Total</b>	<b>3 679 502</b>	<b>3 573 346</b>
<b>35</b>	<b>IMPAIRMENT</b>		
	Property, Plant and Equipment	240 356	158 955
	<b>Total</b>	<b>240 356</b>	<b>158 955</b>
<b>36</b>	<b>FINANCE CHARGES</b>		
	Annuity Loans	1 927 565	2 315 325
	Finance Lease Liabilities	244 763	316 559
	Rehabilitation Provision - Landfill Sites	192 122	338 698
	Post Retirement Medical Benefits	5 578 000	4 898 000
	Long Service Awards	644 000	521 000
	<b>Sub-Total</b>	<b>8 586 451</b>	<b>8 389 581</b>
	Less Finance Charges Capitalised	(2 868)	-
	<b>Total</b>	<b>8 583 583</b>	<b>8 389 581</b>
<b>37</b>	<b>BULK PURCHASES</b>		
	Electricity	455 555	329 260
	<b>Total</b>	<b>455 555</b>	<b>329 260</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>38</b>		
<b>CONTRACTED SERVICES</b>		
Accounting, Business and Financial Management	1 855 095	892 276
Administrative Support	59 750	61 500
Audit Committee	169 391	120 887
Burial Services	11 543	34 786
Contractors - Maintenance of Buildings and Facilities	792 776	1 159 276
Contractors - Maintenance of Equipment	2 172 924	2 441 656
Fire Services	870 165	1 504 499
Human Resources and Training	975 301	1 029 648
Laboratory Services	479 516	483 967
Landfill site operational & maintenance	5 951 847	6 014 473
Legal Cost	695 186	1 322 588
Occupational Health and Safety	29 566	61 995
Outsourced Labour and Personnel	3 735 773	3 160 882
Project Management	2 471 262	2 295 495
Security Services	2 724 684	2 492 784
Sewerage Services	308 805	292 012
Other	222 262	153 522
<b>Total</b>	<b>23 525 848</b>	<b>23 522 245</b>
<b>39</b>		
<b>TRANSFERS AND GRANTS</b>		
Bursaries	300 000	399 383
Other Municipalities and Organisations	859 389	993 185
<b>Total</b>	<b>1 159 389</b>	<b>1 392 568</b>
<b>40</b>		
<b>OTHER EXPENDITURE</b>		
Advertising, Publicity and Marketing	389 392	584 651
Audit Fees	3 548 145	3 182 238
Alien Vegetation Control	481 495	360 141
Bank Charges, Facility and Card Fees	154 883	133 875
Blades	950 616	710 722
Bursaries	453 831	148 676
Catering and Refreshments	75 552	53 071
Cleaning materials	75 360	48 689
Equipment Rental	4 293 050	8 154 071
Freight Services	41 015	39 619
Fuel Cost	24 909 150	19 365 489
Hire Charges	73 756	38 520
Insurance	1 771 182	1 526 421
IT Services and Software Licences	2 483 565	2 282 661
Materials	24 427 748	28 392 050
Management Fee	5 502	8 758



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>40 OTHER EXPENDITURE (CONTINUED)</b>		
Membership Fees	1 171 575	1 143 436
Motor Vehicle Licence and Registrations	103 157	96 416
Municipal services	6 457 861	6 034 883
Office rental	1 251 988	588 910
Oil and Tyres	2 659 549	2 751 433
Printing, Publications and Stationery	492 372	253 970
Resettlement Cost	29 688	-
Safety clothes	1 003 090	1 650 568
Skills development levy	1 252 994	1 164 518
Telephone and Postage	1 613 761	1 670 957
Training and Workshops	14 609	219 813
Travel and subsistence	1 715 600	1 420 612
General Expenses	119 412	72 918
<b>Total</b>	<b>82 019 897</b>	<b>82 098 089</b>
<b>41 LOSS ON DISPOSAL OF ASSETS</b>		
Property Plant and Equipment	611 489	807 388
<b>Total</b>	<b>611 489</b>	<b>807 388</b>
<b>42 REPAIRS AND MAINTENANCE</b>		
The following expenditure relating to repairs and maintenance projects were identified by the municipality:		
Contracted Services	9 334 272	9 610 149
Other Expenditure	399 186	453 129
<b>Total</b>	<b>9 733 458</b>	<b>10 063 278</b>
In line with the requirements of GRAP 17, the repairs and maintenance related expenditure can be attributed to the following asset classes:		
Land and Buildings (Including Resorts)	7 441 565	7 402 969
Machinery and Equipment	352 237	725 973
Vehicles	1 939 656	1 934 337
<b>Total</b>	<b>9 733 458</b>	<b>10 063 278</b>

Refer to note 43.7 for reallocation between other expenditure and contracted services amounting to R 30 013.

The prior year was also restated downward to exclude EPWP Non-Maintenance Related Labour amounting to R 600 000. This affected Contracted Services as well as the land and buildings (Including Resorts).

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

		2022 R
<b>43</b>	<b>PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3</b>	
	<b>43.1 RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>	
	<b>Balance Previously Reported</b>	<b>16 550 686</b>
	Correction of roads maintenance revenue as a result of prior year restatements on roads department - Refer to note 43.7	75 661
	<b>Restated Balance on 30 June 2022</b>	<b>16 626 347</b>
	<b>43.2 TAXES</b>	
	<b>Balance Previously Reported</b>	<b>11 974 614</b>
	Account for payables previously not recognised on 30 June 2022 - Refer to note 43.4	6 927
	<b>Restated Balance on 30 June 2022</b>	<b>11 981 541</b>
	<b>43.3 PROPERTY PLANT AND EQUIPMENT</b>	
	<b>Balance Previously Reported</b>	<b>71 604 705</b>
	Correction of asset classification in asset register (Cost on 30 June 2021)	-
	Buildings	1 522 501
	Infrastructure	(1 414 481)
	Computer Equipment	(2 956)
	Furniture and fittings	(118 914)
	Machinery and equipment	(66 814)
	Office equipment	44 591
	Vehicles	478 415
	Specialised Vehicles	(442 343)
	Correction of asset classification in asset register (Accumulated Depreciation)	-
	Buildings	(661 056)
	Infrastructure	566 107
	Computer Equipment	2 734
	Furniture and fittings	92 094
	Machinery and equipment	34 032
	Office equipment	(14 828)
	Vehicles	(61 594)
	Specialised Vehicles	42 511
	Correction of asset classification in asset register (Additions during 2021/2022)	-
	Buildings	(137 461)
	Furniture and fittings	(6 336)
	Machinery and equipment	121 381
	Office equipment	22 416

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

		2022 R
<b>43</b>	<b>PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)</b>	
	Correction of asset classification in asset register (Depreciation)	-
	Buildings	(28 076)
	Infrastructure	28 287
	Computer Equipment	102
	Furniture and fittings	1 587
	Machinery and equipment	3 996
	Office equipment	(3 316)
	Vehicles	(11 320)
	Specialised Vehicles	8 740
	Correction of asset classification in asset register (Disposal Cost and Accumulated Depreciation during 2021/2022)	-
	Computer Equipment (Cost)	970
	Office equipment (Cost)	(970)
	Vehicles (Cost)	75 000
	Specialised Vehicles (Cost)	(75 000)
	Computer Equipment (Accumulated Depreciation)	(970)
	Office equipment (Accumulated Depreciation)	970
	Vehicles (Accumulated Depreciation)	(43 755)
	Specialised Vehicles (Accumulated Depreciation)	43 755
	Correction of assets incorrectly recorded in asset register on 30 June 2021 - Refer to note 43.6	(2 908)
	Computer Equipment (Cost)	(7 221)
	Furniture and fittings (Cost)	(570)
	Machinery and equipment (Cost)	(38 757)
	Computer Equipment (Accumulated Depreciation)	6 739
	Furniture and fittings (Accumulated Depreciation)	266
	Machinery and equipment (Accumulated Depreciation)	36 634
	Correction of assets incorrectly recorded in asset register on 30 June 2021 (Depreciation during 2021/2022) - Refer to note 43.7	1 277
	Computer Equipment	201
	Furniture and fittings	19
	Machinery and equipment	1 057
	Recognise Impairments previously not recognised on 30 June 2022 - Refer to note 43.7	(158 955)
	Vehicles	(74 171)
	Specialised Vehicles	(84 783)
	<b>Restated Balance on 30 June 2022</b>	<b>71 444 119</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2022 R
<b>43 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)</b>	
<b>43.4 PAYABLES FROM EXCHANGE TRANSACTIONS</b>	
<b>Balance Previously Reported</b>	<b>5 018 699</b>
Account for payables previously not recognised on 30 June 2022	53 104
Effect on Statement of Financial Performance - Refer to note 43.7	46 178
Effect on Taxes - Refer to note 43.2	6 927
Allocate Balances previously not recognised as revenue on 30 June 2021 - Refer to note 43.6	(171 029)
<b>Restated Balance on 30 June 2022</b>	<b>4 900 774</b>
<b>43.5 CURRENT EMPLOYEE BENEFITS</b>	
<b>Balance Previously Reported</b>	<b>14 270 776</b>
Correction of staff leave provision on 30 June 2022 - Refer to note 43.7	(27 462)
<b>Restated Balance on 30 June 2022</b>	<b>14 243 314</b>
<b>43.6 ACCUMULATED SURPLUS</b>	
<b>Balance Previously Reported</b>	<b>86 795 893</b>
Prior Period adjustments relating to 2021/22 - Refer to note 43.7	(100 732)
Prior Period Adjustments up to 30 June 2021	168 121
Correction of assets incorrectly recorded in asset register on 30 June 2021 - Refer to note 43.3	(2 908)
Allocate Balances previously not recognised as revenue on 30 June 2021 - Refer to note 43.4	171 029
<b>Restated Balance on 30 June 2022</b>	<b>86 863 283</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

		2022 R
43	<b>PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)</b>	
	<b>43.7 STATEMENT OF FINANCIAL PERFORMANCE</b>	
	<b>Surplus Previously Reported</b>	<b>25 472 045</b>
	<b>Roads Maintenance Services</b>	<b>75 661</b>
	Correction of roads maintenance revenue as a result of prior year restatements on roads department - Refer to note 43.1	75 661
	<b>Employee Related Costs</b>	<b>41 712</b>
	Correction of staff leave provision on 30 June 2022 - Refer to note 43.5	27 462
	Allocate Contracted Administrative support	14 250
	<b>Depreciation and Amortisation</b>	<b>1 277</b>
	Correction of assets incorrectly recorded in asset register on 30 June 2021 (Depreciation during 2021/2022) - Refer to note 43.3	1 277
	<b>Impairment</b>	<b>(158 955)</b>
	Recognise Impairments previously not recognised on 30 June 2022 - Refer to note 43.3	(158 955)
	<b>Contracted Services</b>	<b>742 404</b>
	Items incorrectly included as part of - Maintenance of Unspecified Assets	2 030 183
	Items incorrectly included as part of - Maintenance of Unspecified Assets, allocated to Maintenance of Equipment	(2 000 170)
	Sewerage Services allocated to more appropriate item based on nature, previously allocated to Maintenance Buildings and Facilities	54 890
	Sewerage Services allocated to more appropriate item based on nature	(292 012)
	Allocate Contracted Administrative support	(61 500)
	Allocate Contracted Fire Services incorrectly classified	1 011 324
	Account for payables previously not recognised on 30 June 2022 - Refer to note 43.4	(311)
	<b>Transfers and Grants</b>	<b>(993 185)</b>
	Allocate Contracted Fire Services incorrectly classified	(993 185)
	<b>Other Expenditure</b>	<b>190 353</b>
	Items incorrectly included as part of - Maintenance of Unspecified Assets, allocated to Hire Charges	(16 120)
	Items incorrectly included as part of - Maintenance of Unspecified Assets, allocated to Materials	(13 893)
	Sewerage Services allocated to more appropriate item based on nature	237 122
	Allocate Contracted Administrative support	47 250
	Allocate Contracted Fire Services incorrectly classified	(18 139)
	Account for payables previously not recognised on 30 June 2022 - Refer to note 43.4	(45 866)
	<b>Restated Surplus on 30 June 2022</b>	<b>25 371 313</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

2022  
R

### 43 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

#### 43.8 REPAIRS AND MAINTENANCE

Refer to note 42 for restatements made to prior year maintenance disclosure

#### 43.9 CASH FLOW STATEMENT

Due to changes identified above, the following reallocation was also processed on the Cash Flow Statement

Suppliers and employees	993 185
Transfers and Grants	(993 185)
<b>Total Effect on Cash Flow Statement</b>	<b>-</b>

#### 43.10 SEGMENT REPORT

Other than errors identified above, the following corrections are also included in the segment report for the prior year:

<b>Revenue incorrectly not disclosed as Non-Exchange Revenue</b>	<b>-</b>
Effect on Other Income (Exchange) - Waste Management	(1 668 114)
Effect on Other Income (Non-Exchange - Waste Management)	1 668 114
<b>Employee Related Cost - Bonus</b>	<b>-</b>
Effect on Planning and development	40 536
Effect on Finance and administration	9 597
Effect on Health	(59 244)
Effect on Environmental protection	70 568
Effect on Public safety	31 570
Effect on Sport and recreation	(21 546)
Effect on Road transport	(71 481)

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

44	<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>2023</b>	<b>2022</b>
		<b>R</b>	<b>R</b>
	Net Surplus for the year - Before adjustments below	13 267 449	25 371 313
	Non-Cash Revenue	(7 929 291)	(21 746 276)
	Actuarial Gains	(7 153 559)	(5 826 580)
	Reduction in Landfill Site Provision	(690 633)	(1 668 114)
	Reversal of Debt Impairment	-	(1 403 916)
	Public Contributions and Donations	-	(143 391)
	Contributed Assets	(85 099)	(979 894)
	Gain on disposal of Investment Property	-	(11 724 380)
	Non-Cash Expenditure	11 022 929	10 539 877
	Debt Impairment	76 239	67 340
	Depreciation and Amortisation	3 679 502	3 573 346
	Impairment	240 356	158 955
	Finance Charges	6 411 254	5 757 698
	Stock Adjustments	4 088	31 759
	Loss on disposal of Assets	611 489	807 388
	Public Contributions and Donations	-	143 391
	Contributions - Provisions and Employee Benefits	9 844 074	7 865 116
	Post Retirement Medical Benefits	726 000	813 000
	Long Service Awards	545 000	498 000
	Bonuses	6 563 227	5 859 406
	Staff Leave	2 009 848	694 710
	Expenditure - Provisions and Employee Benefits	(10 548 531)	(10 688 363)
	Post Retirement Medical Benefits	(3 217 445)	(3 233 834)
	Long Service Awards	(725 996)	(952 587)
	Bonuses	(6 193 412)	(5 586 810)
	Staff Leave	(411 679)	(915 133)
	Non-Cash Movement in Employee Benefit Receivable	1 963 000	861 000
	Other adjustments	(41 479)	(2 655 974)
	Bad Debts Written Off	(34 206)	-
	Grants Returned to National Treasury	-	(2 655 974)
	Grants Returned to Provincial Treasury	(7 273)	-
	Operating Surplus before changes in working capital	17 578 150	9 546 693
	Movement in working capital	27 205 239	(12 445 976)
	Receivables from exchange and non-exchange transactions	650 893	1 539 235
	Inventory	297 575	(754 199)
	Payables from exchange transactions	14 145 011	(14 003 553)
	Unspent Conditional Government Grants	655 776	262 940
	Taxes	11 455 984	509 602
	<b>Cash Flow from/(used) Operating Activities</b>	<b>44 783 389</b>	<b>(2 899 283)</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023	2022
	R	R
<b>45 CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	2 101 328	1 926 550
Call and Notice Deposits	85 834 478	43 003 553
Cash Floats	600	1 800
<b>Total</b>	<b>87 936 406</b>	<b>44 931 903</b>

Refer to note 2 for more details relating to cash and cash equivalents. There are no reconciling items to report on in terms of GRAP 2 paragraph 46.

### 46 BUDGET COMPARISONS

#### 46.1 COMPARABLE BASIS

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

The following items are affected by these classification differences:

##### Statement of financial position

Consumer Debtors consist 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 Bank Accounts and Cash Floats, while Call Investment Deposits includes Call Investments and Other Deposits.

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 statement of financial performance, while shown per service type in the budget statement.



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 46 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, 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 Transfers and Subsidies (Revenue) in the budget comparisons. Government Grants and Subsidies - Operating are disclosed as part of Transfers and Subsidies (Revenue) in the budget comparisons.

Government Grants and Subsidies - Capital are disclosed as Transfers and Subsidies - Capital in the budget statements, while Transfers and Grants are disclosed as Transfers and Subsidies (Expense).

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 items respectively. Actuarial Gains are also included as part of Gains.

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
Revenue	R	R	R
Rental of facilities and equipment	16 117 314	(3 267 980)	12 849 334
Other Income (As aggregated above)	7 357 445	3 267 980	10 625 425

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	129 582 704	4 832 099	134 414 802
Finance charges	8 583 583	(5 578 000)	3 005 583
Inventory Consumed	-	52 977 857	52 977 857
Contracted Services	23 525 848	350 727	23 876 576
Other Expenditure	82 023 985	(52 582 683)	29 441 302

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 46 BUDGET COMPARISONS (CONTINUED)

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. There are also minor differences in classifications between Contracted Services and Other Expenditure.

#### Cash Flow Statement

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

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 Transfers and Subsidies - Operational in the budget comparisons.

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

### 46.2 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. Significant advance received from the Department of Transport and Public Works combined with VAT claims on roads function being invested.
Other Debtors	Lower than expected VAT amount receivable from SARS outstanding on 30 June 2023.
Long Term Receivables	Recoverable amount recalculated by actuaries different from assumed amount included in the budget (Actuarial Gains)
Property Plant and Equipment	Capital budget not fully spent in current year resulting in significant variance.
Trade and other payables	Significant advance received from the Department of Transport and Public Works combined with unspent grants contributed to the variance.
Provisions (Non-Current)	Variance mainly due to significant actuarial gains which was not fully incorporated in the budgeted figures.
Accumulated Surplus	Refer to reasons included in Statement of Financial Performance. Surplus realised in current year compared to a budgeted deficit. R 8 million transferred to CRR which was not incorporated in the budget.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 46 BUDGET COMPARISONS (CONTINUED)

Reserves	Additional allocation to the reserve due to additional uncommitted cash available on 30 June 2023.
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#### Statement of financial performance - Budget Adjustments

No Material Adjustments

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

Transfers and Subsidies (Revenue)	Unspent Grants and underspending on roads maintenance service compared to budget contributed to the variance.
Gains	Actuarial gain realised in the current year which was not budgeted for during the budget cycle.
Employee Related Costs	Contribution to leave not budgeted for combined with higher than expected salary costs in roads function.
Inventory Consumed	Variance mainly due to lower than expected demand in the roads department.
Contracted Services	Less contracted services utilised in the current year than expected.
Transfers and Subsidies (Expense)	Delayed spending from local municipalities resulted in lower grants transferred to them.
Other Expenditure	Cost containment measures and saving initiatives contributed to the variance.

#### Cash Flow Statement - Budget Adjustments

None

#### Cash Flow Statement - Budget versus Actual

Transfers and Subsidies - Operational	Significant advance received from the Department of Transport and Public Works before year-end
Suppliers and Employees	Refer to statement of financial performance. Lower than expected expenditure for inventory consumed, contracted services and other expenditure.
Capital Assets	Underspending of capital budget, especially the Karwyderskraal project which were still WIP on 30 June 2023.
Cash and Cash Equivalents	Refer to reasons provided elsewhere in note above

Refer to Appropriations Statement in note 62 for details relating to the original approved budget.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>47 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
<b>47.1 UNAUTHORISED EXPENDITURE</b>		
Unauthorised expenditure consist out of the following:		
Opening balance	1 416 437	3 632 595
Unauthorised expenditure current year - operating	-	-
Unauthorised expenditure current year - capital	-	1 416 437
Approved by Council	(1 416 437)	(3 632 595)
<b>Unauthorised expenditure awaiting approval</b>	<b>-</b>	<b>1 416 437</b>

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. The prior year expenditure was approved by Council through a Special Adjustment Budget during April 2023. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

	2023 (Actual) R	2023 (Final Budget) R	2023 (Unauthorised) R
<b>Unauthorised expenditure - Operating</b>			
Municipal Manager	14 591 997	15 784 924	-
Corporate Services	13 512 630	14 577 921	-
Finance	27 715 281	31 871 096	-
Community Services	200 314 160	209 161 384	-
<b>Total</b>	<b>256 134 068</b>	<b>271 395 325</b>	<b>-</b>
<b>Unauthorised expenditure - Capital</b>			
Municipal Manager	13 035	15 000	-
Corporate Services	1 126 088	2 471 600	-
Finance	2 934	3 000	-
Community Services	6 141 910	12 980 350	-
<b>Total</b>	<b>7 283 967</b>	<b>15 469 950</b>	<b>-</b>

### 47.2 FRUITLESS AND WASTEFUL EXPENDITURE

None

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>47 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)</b>		
<b>47.3 IRREGULAR EXPENDITURE</b>		
Irregular expenditure consist out of the following:		
Opening balance	2 531 180	1 932 492
Irregular expenditure incurred	3 746 457	2 531 180
Approved by Council	(2 531 180)	(1 932 492)
<b>Irregular expenditure awaiting approval</b>	<b>3 746 457</b>	<b>2 531 180</b>
Details of Irregular expenditure incurred :		
Invalid Deviation - Karwyderskraal Annuity Loan (Interest)	1 927 565	2 315 325
Non-compliance with PPPFA and the regulations of PPR 2022	1 818 892	-
Exceed Variation/Expansion of Contract	-	215 855
<b>Total</b>	<b>3 746 457</b>	<b>2 531 180</b>

The Invalid Deviation resulting in the irregular expenditure will be included in the financial statements up to the 2026/2027 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.

	2023 R	2022 R
<b>48 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>48.1 Salga Contributions [MFMA 125 (1)(b)]</b>		
Opening balance	(816 639)	(836 632)
Expenditure incurred	1 121 824	1 108 845
Payments	(1 220 741)	(1 088 852)
<b>Payments in advance</b>	<b>(915 556)</b>	<b>(816 639)</b>
<b>48.2 Audit Fees [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Expenditure incurred	3 548 145	3 182 238
External Audit - Auditor-General	3 548 145	3 182 238
Payments	(3 548 145)	(3 182 238)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>48 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)</b>		
<b>48.3 VAT [MFMA 125 (1)(c)]</b>		
Opening balance	13 370 088	12 438 980
Amounts received during the year	(18 289 006)	(6 323 902)
Amounts paid during the year	2 128 966	1 324 676
Amounts claimable from SARS	3 270 949	5 930 334
<b>Outstanding Balance</b>	<b>480 996</b>	<b>13 370 088</b>
<b>VAT in suspense due to cash basis of accounting</b>	<b>44 561</b>	<b>(1 388 547)</b>
VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.		
<b>48.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]</b>		
Payments due to SARS	20 430 026	19 127 052
Payments	(20 430 026)	(19 127 052)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>
<b>48.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]</b>		
Payments due to pension fund and medical aid	29 850 539	26 774 565
Payments	(29 850 539)	(26 774 565)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>
<b>48.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]</b>		
No Councillor had any arrear account outstanding for more than 90 days during the year or at year end (Same applies to previous financial year).		
<b>48.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM</b>		
Approved deviations from Supply Chain Management Regulations were identified on the following financial categories:		
Between R 0 and R 2 000	-	-
Between R 2 000 and R 10 000	4 290	24 859
Between R 10 000 and R 30 000	-	19 493
Between R 30 000 and R 200 000	546 268	374 121
Above R 200 000	2 123 486	583 696
<b>Total</b>	<b>2 674 043</b>	<b>1 002 169</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

48

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

Deviations by Nature:

	2023 R	2022 R
Sole Supplier	1 897 675	71 356
Emergency	196 018	6 762
Exceptional Case	580 350	924 050
<b>Total</b>	<b>2 674 043</b>	<b>1 002 169</b>

#### 48.8 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the period under review, the municipality did not engage 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):

#### 30 JUNE 2023

Supplier	Full name of family member	Capacity of family member	Award Value R
Aluminium Designs	Vanessa Zeeman	Director: Corporate Services	13 910
			8 156
			20 582
Car Boat and Truck Spares (Pty) Ltd	Brenda Brighton	Principal Clerk: SCM	27 740
Grants Contracting (Pty) Ltd	Shaneen Gertze	Sergeant	34 775
	Keshia Gertze	Traffic Officer	
Groenland Motor Truck Bakkie (pty) Ltd	Hilton Snyders	Traffic Officer	Rate based
Ian Dickie & Co (Pty) Ltd	Deon Samuels	Warrant Officer	199 668
JPCE (Pty) Ltd	Johan Minnie	Head: Operations Centre and Systems Integration	184 000
			1 207 500
Metsy Motors	Gary Jones	Technologist	Rate based
	Judy Jones	Educator	
NCC Environmental Services (Pty) Ltd	Chandre Rhoda	Head of Invasive Species - Westlake Biodiversity Centre	Rate based
Tracey Lee Dennis	Michael Dennis	Housing Manager	49 840
Tune Up Centre	Carlene Swart	Station Commander - Captain	Rate based

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

48

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

30 JUNE 2022

Supplier	Full name of family member	Capacity of family member	Award Value R
Bredasdorp Square	Christiaan Johannes Jacobs	Councillor	6 250
JPCE (Pty) Ltd	Johan Minnie	Head: Operations Centre and Systems Integration	507 562
Lukhozi Consulting Engineers (Pty) Ltd	Gail Kennedy	Chief Administration Clerk	27 476
			100 395
			13 629
S Valentine t/a Valentine Bouers	Louise Valentine	Educator	9 350
			29 980
			3 650

Rate based - A "rate-based tender" refers to a procurement or bidding process where the pricing is based on specific rates for items or services rather than a fixed award amount. In a rate-based tender, bidders provide unit prices or rates for different tasks, materials, or goods and services.



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>49 CAPITAL COMMITMENTS</b>		
<b>Commitments in respect of Capital Expenditure:</b>	<b>6 674 137</b>	<b>1 174 133</b>
Approved and contracted for:		
Toyota Starlet 1.5L	214 416	-
Gas geyser installation - Resorts	160 250	-
Generators, UPS, ect.	752 621	-
Loadshedding Mitigation–Generators, ect.	745 148	-
Veeam Software for disaster recovery server	128 562	-
BETA Electronic gates & Fencing	199 525	-
Upgrade of Access road & installation of borehole pump, pipeline and switchgear at Karwyderskraal Landfill site	4 473 615	-
Ford Ranger 2.2 TDCI	-	465 240
100 KVA Generator	-	584 267
Power Edge Server	-	124 625
<b>Total</b>	<b>6 674 137</b>	<b>1 174 133</b>
This expenditure will be financed from:		
Internally Generated Funds	1 455 374	1 174 133
Provincial Grant Funding	745 148	-
Borrowing	4 473 615	-
<b>Total</b>	<b>6 674 137</b>	<b>1 174 133</b>

All commitments are disclosed inclusive of VAT.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 50 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.

#### 50.1 Credit Risk

The following financial assets are exposed to credit risk:

	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
Cash and Cash Equivalents	87 936 406	44 931 903
Receivables from exchange transactions	4 569 022	15 809 708
Receivables from non-exchange transactions	548 149	534 087
<b>Total</b>	<b>93 053 577</b>	<b>61 275 698</b>

There were no changes 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 2023

### 50 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:

	2023 R	2022 R
Electricity	2 391	3 239
Water	27 388	3 726
Housing rental	12 543	14 723
Sundry Debtors	2 166 912	1 466 317
Legal Fees Recovered	6 986	10 218
<b>Total</b>	<b>2 216 220</b>	<b>1 498 224</b>

These receivables can be aged as follows:

1 Month Past due	1 454 876	327 391
2 Months Past due	204 835	174 334
3 Months Past due	53 987	91 390
> 3 Months Past due	502 521	905 109
<b>Total</b>	<b>2 216 220</b>	<b>1 498 224</b>

#### 50.2 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.

#### 50.3 Interest rate risk (Market Risk)

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

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (Excluding Cash on Hand)	87 935 806	44 930 103
Long-term Liabilities (Including Current Portion)	(16 589 374)	(21 220 106)
<b>Net balance exposed</b>	<b>71 346 432</b>	<b>23 709 997</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 50 FINANCIAL RISK MANAGEMENT (CONTINUED)

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:

	2023 R	2022 R
0.5% (2022 - 0.5%) increase in interest rates	356 732	118 550
0.5% (2022 - 0.5%) decrease in interest rates	(356 732)	(118 550)

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

#### 50.4 Liquidity risk

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

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

The following balances are exposed to liquidity risk:

<b>30 JUNE 2023</b>	<b>PAYABLE (R)</b>		
	<b>Within 1 Year</b>	<b>Two to five years</b>	<b>After five years</b>
Annuity Loans	5 611 160	12 625 111	-
Finance Lease Liabilities	1 349 580	113 560	-
Payables from exchange transactions	18 450 675	-	-
<b>Total</b>	<b>25 411 415</b>	<b>12 738 671</b>	<b>-</b>

<b>30 JUNE 2022</b>	<b>PAYABLE (R)</b>		
	<b>Within 1 Year</b>	<b>Two to five years</b>	<b>After five years</b>
Annuity Loans	5 611 160	18 236 271	-
Finance Lease Liabilities	1 191 900	1 463 140	-
Payables from exchange transactions	4 182 528	-	-
<b>Total</b>	<b>10 985 588</b>	<b>19 699 411</b>	<b>-</b>

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

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

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

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

The municipality is not exposed to any other price risk.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
<b>51 FINANCIAL INSTRUMENTS</b>		
The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)		
<u>Financial Assets</u>		
Cash and Cash Equivalents	87 936 406	44 931 903
Receivables from exchange transactions	4 569 022	15 809 708
Receivables from non-exchange transactions	548 149	534 087
<b>Total</b>	<b>93 053 577</b>	<b>61 275 698</b>
<u>Financial Liabilities</u>		
Current Portion of Long-term Liabilities	5 364 871	4 630 732
Payables from exchange transactions	18 450 675	4 182 528
Long-term Liabilities	11 224 503	16 589 374
<b>Total</b>	<b>35 040 049</b>	<b>25 402 633</b>
<b>52 STATUTORY RECEIVABLES</b>		
<b>Taxes</b>		
VAT Refundable from SARS	480 996	13 370 088
<b>Total</b>	<b>480 996</b>	<b>13 370 088</b>

VAT receivable from SARS is considered to be Statutory Receivable. Input Vat in Suspense is not included in the disclosure as there are no transaction to “settle” with a specific counterparty (SARS) at year-end.

### 53 EVENTS AFTER REPORTING DATE

The Minister for local government In terms of section 7 of the Remuneration of Public Office Bearers Act, 1998 is responsible to determine the upper limits of salaries of different members of Municipal Councils by notice in the gazette after consultation with the Member of Executive Councils (MECs) responsible for local government in each province and after, inter alia, taking into consideration the recommendations of the Commission.

The determination of the upper limits of salaries, allowances and benefits of the different members of municipal councils has been gazetted after the financial year (2022/23) reporting date per Government Notice No. 3807 in Government Gazette No. 49142, dated 18 August 2023. It was submitted to Council on 21 August 2023 where it was resolved that the new upper limits as gazetted be approved and implemented with effect 1 July 2022, subjected to the concurrence of the MEC responsible for Local Government in the Province. The impact is calculated at R 306 000 if the upper limits is approved by the MEC. Approval from the MEC was only received on 4 September 2023.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 54 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 (2021/2022 and 2022/2023).

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.

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

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

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

### 56 CONTINGENT LIABILITIES

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

#### 56.1 LABOUR COURT – Matter between OVERBERG DISTRICT MUNICIPALITY and IMATU OBO SPANGENBERG & OTHERS and 2 other Respondents

Judgement was handed down on 19 December 2022 and the arbitration award reviewed was set aside. The court further ordered that by 15 February 2023, the Grievants, singly or jointly, and the Applicant must submit any written representations they wish to make to the Western Province Provincial Audit Committee, mentioned in clause 2.7 of the TASK Job Evaluation Policy adopted by the Overberg District Municipal Council on 3 December 2013, on why any of the initial or revised evaluations are correct. Furthermore, by 30 March 2023, the Western Province Provincial Audit Committee ('PAC'), shall decide which of the initial or revised evaluations are correct after considering any such representations by the Grievants and the Applicant, which decision shall be final. Also that the decision of the PAC under paragraph 3.2 shall be implemented by the Applicant with retrospective effect to May 2015, within 30 days of the decision being made. Submissions were made by both parties to the PAC and the outcome of the PAC was received on 30 March 2023. The PAC resolved that it is not within the responsibilities and powers of the PAC which of the initial or revised evaluations are correct. The PAC cannot decide for any municipality what the content of the job descriptions should be unless the content is not in line with the approved structure. It was therefore not possible for the PAC to decide which set of evaluations is correct as both set of results was found to be correct at the time of their evaluation. Both results were the products of implementation of the TASK evaluation processes in 2015 and 2016 and cannot be invalidated in this manner.

IMATU applied for leave to appeal the judgment to the Labour Appeal Court, LAC) which ODM has opposed. However, Judge La Grange of the Cape Town Labour Court (LC), granted leave to appeal to the LAC, which ODM is opposing. It is important to note that the appeal is limited only to the relief granted by Judge La Grange in the LC Judgment, and not the merits of ODM's success in the LC judgment in reviewing and setting aside the arbitration award of the SALGBC. The appeal process is a lengthy one and it is doubtful that it will be heard and determined before the end of the 2023-2024 Financial year.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 56 CONTINGENT LIABILITIES (CONTINUED)

Thus, anticipated costs and contingent liabilities will be limited, in the foreseeable future, to the legal costs incurred by John MacRobert Attorneys (JMA) and related service providers such as Counsel, Justine Quince, Prof Alan Rycroft, disbursements etc in opposing the appeal. ODM, based on legal advice received from JMA, is cautiously optimistic that IMATU's appeal will fail and be dismissed, (although the Labour Courts seldom grant adverse orders as to costs), and that there will thus be no further monetary contingent liability to ODM in respect of this litigious matter other than further legal costs, which we anticipate will be in the range, all-in, disbursements included, to be in the region of R150,000.00. If the appeal succeeds in whole or in part, it is simply impossible at this point to predict what relief the LAC may award to IMATU, and what the financial implications of that may contain. The PAC's ruling/assessment of 2016, has been implemented in full. IMATU has not disclosed in its appeal precisely what relief it is seeking.

On 29 August 2023, the appeal record was served by the Labour Appeal Court, where both the appellant (IMATU & Others) and the respondent (ODM) are required to deliver their Heads of Arguments, respectively on 29 September 2023 and 27 October 2023.

#### 56.2 Carel Hendrik Benson and 22 Others (Plaintiffs) versus Overstrand Municipality, Overberg District Municipality and 3 Others (Defendants) Betty's Bay Fire

CH Benson & 21 Others instituted a claim for fire damage against Overstrand Municipality & 3 others (ODM included), that occurred in the Overstrand jurisdictional area. A plea to the summons and a plea to a 3rd party notice by Overstrand Municipality was filed, together with a counterclaim based on an indemnity agreement between Overstrand and ODM. Overstrand Municipality pleaded thereto. Pleadings will continue to be exchanged and the Attorneys are currently busy with their discovery process in preparation for trial. It is expected that the indemnity provision by Overstrand Municipality in favour of ODM will prevail. An estimate of the contingent liability for the municipality is not available at this stage due to the status/progress of the claim to date and the number of defendants involved.

### 57 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.

### 58 B-BBEE PERFORMANCE

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 59 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 2021/2022 financial year.

The municipality incurred expenditure of R 1 692 269 on Covid-19 related activities during 2021/2022, which was partially funded from grant funding (R 1 185 454).

### 60 NON-LIVING RESOURCES

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

- None

### 61 SEGMENT REPORTING

#### 61.1 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 follows:

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)



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 61 SEGMENT REPORTING

#### 61.2 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment are 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.

#### 61.3 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.

#### 61.4 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 2023

### 61 SEGMENT REPORTING (CONTINUED)

30 JUNE 2023	Executive and Council R	Finance and administration R	Internal audit R	Sport and recreation R	Public safety R	Health R	Planning and development R	Road transport R	Environmental protection R	Waste management R	Total R
<b>REVENUE</b>											
<b>External Revenue from Non-Exchange Transactions</b>	-	93 875 933	-	1 163 000	45 099	156 645	-	3 451 883	-	690 633	99 383 194
Government Grants and Subsidies - Capital	-	1 219 439	-	-	-	-	-	-	-	-	1 219 439
Government Grants and Subsidies - Operating	-	88 954 817	-	1 123 000	-	156 645	-	-	-	-	90 234 463
Contributed Assets	-	-	-	40 000	45 099	-	-	-	-	-	85 099
Actuarial Gains	-	3 701 676	-	-	-	-	-	3 451 883	-	-	7 153 559
Other Income	-	-	-	-	-	-	-	-	-	690 633	690 633
<b>External Revenue from Exchange Transactions</b>	<b>12 247 403</b>	<b>6 296 651</b>	<b>-</b>	<b>17 725 721</b>	<b>5 808 776</b>	<b>745 741</b>	<b>-</b>	<b>116 273 115</b>	<b>36 530</b>	<b>10 884 386</b>	<b>170 018 324</b>
Roads Maintenance Services	-	-	-	-	-	-	-	116 243 175	-	-	116 243 175
Service Charges	-	-	-	1 450 842	-	-	-	-	-	10 884 386	12 335 228
Rental of Facilities and Equipment	-	32 400	-	16 057 252	-	-	-	27 662	-	-	16 117 314
Interest Earned - external investments	-	5 904 072	-	-	-	-	-	-	-	-	5 904 072
Licences and Permits	-	-	-	-	-	745 741	-	-	-	-	745 741
Agency Services	12 005 981	-	-	-	-	-	-	-	-	-	12 005 981
Insurance Receipts	-	6 526	-	-	-	-	-	-	-	-	6 526
Other Income	241 422	353 654	-	217 627	5 808 776	-	-	2 278	36 530	-	6 660 286
<b>TOTAL REVENUE</b>	<b>12 247 403</b>	<b>100 172 584</b>	<b>-</b>	<b>18 888 721</b>	<b>5 853 875</b>	<b>902 387</b>	<b>-</b>	<b>119 724 999</b>	<b>36 530</b>	<b>11 575 019</b>	<b>269 401 517</b>
<b>EXPENDITURE</b>	<b>10 437 592</b>	<b>43 821 719</b>	<b>1 595 177</b>	<b>16 601 100</b>	<b>37 654 521</b>	<b>17 484 327</b>	<b>1 415 253</b>	<b>114 790 581</b>	<b>3 050 981</b>	<b>9 282 818</b>	<b>256 134 068</b>
Employee related costs	2 015 509	21 628 809	1 559 386	5 455 455	26 125 235	15 366 561	1 328 966	53 431 113	2 671 670	-	129 582 704
Remuneration of Councillors	6 195 418	-	-	-	-	-	-	-	-	-	6 195 418
Debt Impairment	-	-	-	76 239	-	-	-	-	-	-	76 239
Depreciation and Amortisation	49 416	642 610	3 307	537 565	1 480 103	164 816	6 997	156 664	36 172	601 853	3 679 502
Impairment	-	15 224	-	-	225 132	-	-	-	-	-	240 356
Finance Charges	-	3 775 448	-	-	-	-	-	2 691 315	-	2 116 819	8 583 583
Bulk Purchases	-	-	-	455 555	-	-	-	-	-	-	455 555
Contracted services	915 802	6 435 968	-	3 766 032	3 698 620	675 667	-	1 664 517	68 096	6 301 146	23 525 848
Transfers and Grants	-	1 159 389	-	-	-	-	-	-	-	-	1 159 389
Other Expenditure	1 261 447	9 548 694	32 484	6 310 254	6 125 431	1 277 282	79 290	56 846 971	275 044	262 999	82 019 897
Stock Adjustments	-	4 088	-	-	-	-	-	-	-	-	4 088
Loss on disposal of Assets	-	611 489	-	-	-	-	-	-	-	-	611 489
<b>TOTAL EXPENDITURE</b>	<b>10 437 592</b>	<b>43 821 719</b>	<b>1 595 177</b>	<b>16 601 100</b>	<b>37 654 521</b>	<b>17 484 327</b>	<b>1 415 253</b>	<b>114 790 581</b>	<b>3 050 981</b>	<b>9 282 818</b>	<b>256 134 068</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>1 809 811</b>	<b>56 350 865</b>	<b>(1 595 177)</b>	<b>2 287 622</b>	<b>(31 800 646)</b>	<b>(16 581 940)</b>	<b>(1 415 253)</b>	<b>4 934 418</b>	<b>(3 014 451)</b>	<b>2 292 201</b>	<b>13 267 449</b>
Less: Government Grants and Subsidies - Capital	-	(1 219 439)	-	-	-	-	-	-	-	-	(1 219 439)
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>1 809 811</b>	<b>55 131 425</b>	<b>(1 595 177)</b>	<b>2 287 622</b>	<b>(31 800 646)</b>	<b>(16 581 940)</b>	<b>(1 415 253)</b>	<b>4 934 418</b>	<b>(3 014 451)</b>	<b>2 292 201</b>	<b>12 048 010</b>
<b>CAPITAL EXPENDITURE FOR THE YEAR</b>	<b>6 999</b>	<b>1 469 900</b>	<b>-</b>	<b>1 742 930</b>	<b>3 953 485</b>	<b>55 756</b>	<b>13 035</b>	<b>-</b>	<b>62 034</b>	<b>366 764</b>	<b>7 670 904</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 61 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
<b>REVENUE</b>											
<b>External Revenue from Non-Exchange Transactions</b>	-	90 285 531	-	1 053 000	1 123 285	183 196	-	1 720 252	-	1 668 114	96 033 378
Government Grants and Subsidies - Capital	-	1 115 586	-	-	-	-	-	-	-	-	1 115 586
Government Grants and Subsidies - Operating	-	85 063 617	-	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
Other Income	-	-	-	-	-	-	-	-	-	1 668 114	1 668 114
<b>External Revenue from Exchange Transactions</b>	<b>23 225 289</b>	<b>3 208 830</b>	<b>-</b>	<b>15 717 804</b>	<b>4 141 866</b>	<b>224 622</b>	<b>-</b>	<b>117 624 243</b>	<b>-</b>	<b>9 812 384</b>	<b>173 955 037</b>
Roads Maintenance Services	-	-	-	-	-	-	-	116 170 162	-	-	116 170 162
Service Charges	-	-	-	278 381	-	-	-	-	-	9 812 384	10 090 765
Rental of Facilities and Equipment	-	29 782	-	15 396 890	-	-	-	47 227	-	-	15 473 899
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	-	560 117	-	42 532	4 141 866	-	-	2 939	-	-	4 747 454
Reversal of Debt Impairment	-	-	-	-	-	-	-	1 403 916	-	-	1 403 916
Gain on disposal of Investment Property	11 724 380	-	-	-	-	-	-	-	-	-	11 724 380
<b>TOTAL REVENUE</b>	<b>23 225 289</b>	<b>93 494 361</b>	<b>-</b>	<b>16 770 804</b>	<b>5 265 151</b>	<b>407 817</b>	<b>-</b>	<b>119 344 495</b>	<b>-</b>	<b>11 480 498</b>	<b>269 988 415</b>
<b>EXPENDITURE</b>	<b>12 402 518</b>	<b>38 969 936</b>	<b>1 520 419</b>	<b>15 722 132</b>	<b>34 848 406</b>	<b>15 571 575</b>	<b>728 899</b>	<b>111 866 976</b>	<b>2 924 198</b>	<b>10 062 045</b>	<b>244 617 102</b>
Employee related costs	1 906 173	18 893 880	1 481 749	5 056 444	25 473 842	13 470 652	661 401	48 979 737	2 451 186	-	118 375 064
Remuneration of Councillors	5 871 509	-	-	-	-	-	-	-	-	-	5 871 509
Debt Impairment	-	-	-	67 340	-	-	-	-	-	-	67 340
Depreciation and Amortisation	41 844	570 874	3 624	553 454	1 324 498	186 160	8 272	119 298	34 380	730 942	3 573 346
Impairment	-	-	-	18 440	140 515	-	-	-	-	-	158 955
Finance Charges	-	3 432 351	-	-	-	-	-	2 303 207	-	2 654 023	8 389 581
Bulk Purchases	-	-	-	329 260	-	-	-	-	-	-	329 260
Contracted services	2 890 573	5 440 941	-	3 635 970	3 161 528	704 995	-	1 409 970	149 184	6 129 082	23 522 245
Transfers and Grants	-	1 392 568	-	-	-	-	-	-	-	-	1 392 568
Other Expenditure	1 692 418	8 400 175	35 046	6 061 225	4 748 023	1 209 768	59 225	59 054 763	289 447	547 998	82 098 089
Stock Adjustments	-	31 759	-	-	-	-	-	-	-	-	31 759
Loss on disposal of Assets	-	807 388	-	-	-	-	-	-	-	-	807 388
<b>TOTAL EXPENDITURE</b>	<b>12 402 518</b>	<b>38 969 936</b>	<b>1 520 419</b>	<b>15 722 132</b>	<b>34 848 406</b>	<b>15 571 575</b>	<b>728 899</b>	<b>111 866 976</b>	<b>2 924 198</b>	<b>10 062 045</b>	<b>244 617 102</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>10 822 771</b>	<b>54 524 425</b>	<b>(1 520 419)</b>	<b>1 048 672</b>	<b>(29 583 255)</b>	<b>(15 163 758)</b>	<b>(728 899)</b>	<b>7 477 519</b>	<b>(2 924 198)</b>	<b>1 418 453</b>	<b>25 371 313</b>
Less: Government Grants and Subsidies - Capital	-	(1 115 586)	-	-	-	-	-	-	-	-	(1 115 586)
Less: Contributed Assets	-	-	-	-	(979 894)	-	-	-	-	-	(979 894)
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>10 822 771</b>	<b>53 408 839</b>	<b>(1 520 419)</b>	<b>1 048 672</b>	<b>(30 563 149)</b>	<b>(15 163 758)</b>	<b>(728 899)</b>	<b>7 477 519</b>	<b>(2 924 198)</b>	<b>1 418 453</b>	<b>23 275 833</b>
<b>CAPITAL EXPENDITURE FOR THE YEAR</b>	<b>101 696</b>	<b>2 320 553</b>	<b>159 988</b>	<b>613 308</b>	<b>5 474 208</b>	<b>451 476</b>	<b>-</b>	<b>358 000</b>	<b>58 000</b>	<b>-</b>	<b>9 537 228</b>

Other than errors identified in note , an amount of R 1 668 618 was reallocated from Other Income (Exchange) to Other Income (Non-Exchange) in line with the classification in the Statement of Financial Performance

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 62 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
<b>Financial Performance</b>						
Service charges	13 572 000	500 000	14 072 000	12 335 228	(1 736 772)	10 090 765
Investment revenue	2 000 000	2 900 000	4 900 000	5 904 072	1 004 072	2 557 630
Government Grants and Subsidies - Operating	197 193 050	15 519 233	212 712 283	206 477 638	(6 234 645)	202 469 974
Other own revenue	40 675 004	(5 798 106)	34 876 898	43 380 041	8 503 143	52 774 566
<b>Total Operating Revenue</b>	<b>253 440 054</b>	<b>13 121 127</b>	<b>266 561 181</b>	<b>268 096 979</b>	<b>1 535 798</b>	<b>267 892 935</b>
Employee costs	135 931 655	(4 942 667)	130 988 988	134 414 802	3 425 814	122 709 179
Remuneration of councillors	6 165 582	260 035	6 425 617	6 195 418	(230 199)	5 871 509
Debt impairment	200 000	(100 000)	100 000	76 239	(23 762)	67 340
Depreciation & asset impairment	3 625 515	-	3 625 515	3 919 859	294 344	3 732 301
Finance charges	3 329 417	(40 000)	3 289 417	3 005 583	(283 834)	3 491 581
Inventory Consumed and Bulk Purchases	46 862 150	15 058 360	61 920 510	53 433 412	(8 487 097)	50 890 198
Transfers and grants	-	3 449 000	3 449 000	1 159 389	(2 289 611)	1 392 568
Other expenditure	57 231 532	4 364 746	61 596 278	53 929 367	(7 666 912)	56 462 426
<b>Total Expenditure</b>	<b>253 345 851</b>	<b>18 049 474</b>	<b>271 395 325</b>	<b>256 134 068</b>	<b>(15 261 257)</b>	<b>244 617 102</b>
<b>Surplus/(Deficit)</b>	<b>94 203</b>	<b>(4 928 347)</b>	<b>(4 834 144)</b>	<b>11 962 911</b>	<b>16 797 055</b>	<b>23 275 833</b>
Government Grants and Subsidies - Capital	-	2 250 000	2 250 000	1 219 439	(1 030 561)	1 115 586
Contributed Assets	-	-	-	85 099	85 099	979 894
<b>Surplus/(Deficit) for the year</b>	<b>94 203</b>	<b>(2 678 347)</b>	<b>(2 584 144)</b>	<b>13 267 449</b>	<b>15 851 594</b>	<b>25 371 313</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

### 62 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	<b>10 273 500</b>	<b>5 196 450</b>	<b>15 469 950</b>	<b>7 670 904</b>	<b>(7 799 046)</b>	<b>9 537 228</b>
Transfers recognised - capital	-	2 250 000	2 250 000	1 219 439	(1 030 561)	1 115 586
Borrowing	39 000	4 861 000	4 900 000	363 896	(4 536 104)	2 948 000
Contributed Assets	-	-	-	85 099	85 099	979 894
Internally generated funds	10 234 500	(1 914 550)	8 319 950	6 002 469	(2 317 481)	4 493 749
<b>Total sources of capital funds</b>	<b>10 273 500</b>	<b>5 196 450</b>	<b>15 469 950</b>	<b>7 670 904</b>	<b>(7 799 046)</b>	<b>9 537 228</b>
<b>Cash flows</b>						
Net cash from (used) operating	3 957 848	3 107 001	7 064 848	44 783 389	37 718 541	(2 899 283)
Net cash from (used) investing	(7 773 500)	4 303 550	(3 469 950)	2 851 846	6 321 796	(4 304 986)
Net cash from (used) financing	(3 683 595)	(947 137)	(4 630 732)	(4 630 732)	-	(3 939 357)
Net Cash Movement for the year	<b>(7 499 247)</b>	<b>6 463 414</b>	<b>(1 035 834)</b>	<b>43 004 503</b>	<b>44 040 337</b>	<b>(11 143 626)</b>
Cash/cash equivalents at beginning of year	52 378 850	(7 446 947)	44 931 903	44 931 903	-	56 075 529
<b>Cash/cash equivalents at the year end</b>	<b>44 879 602</b>	<b>(983 533)</b>	<b>43 896 069</b>	<b>87 936 406</b>	<b>44 040 337</b>	<b>44 931 903</b>

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

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2023

INSTITUTION	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2022 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2023 R
<b><u>ANNUITY LOANS</u></b>						
STANDARD BANK (KARWYDESKRAAL)	11.17%	2026/09/30	18 915 627	-	(3 683 595)	15 232 032
<b>Total Annuity Loans</b>			<b>18 915 627</b>	<b>-</b>	<b>(3 683 595)</b>	<b>15 232 032</b>
<b><u>FINANCE LEASES</u></b>						
NASHUA BREEDEVALLEI (OFFICE PRINTERS)	12.97%	2024/07/31	2 304 479	-	(947 137)	1 357 342
<b>Total Finance Leases</b>			<b>2 304 479</b>	<b>-</b>	<b>(947 137)</b>	<b>1 357 342</b>
<b>Total Long-Term Liabilities</b>			<b>21 220 106</b>	<b>-</b>	<b>(4 630 732)</b>	<b>16 589 374</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX B (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES AND GFS CLASSIFICATION) FOR THE YEAR ENDING 30 JUNE 2023

	30 JUNE 2023			30 JUNE 2022		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R	R	R	R	R	R
<b>MUNICIPAL VOTES</b>						
Municipal Manager	12 247 403	(14 591 997)	(2 344 594)	23 460 188	(15 897 072)	7 563 115
Corporate Services	32 509	(13 512 630)	(13 480 121)	29 956	(11 109 912)	(11 079 956)
Finance	100 140 075	(27 715 281)	72 424 794	93 229 506	(25 054 648)	68 174 858
Community Services	156 981 531	(200 314 160)	(43 332 630)	153 268 765	(192 555 470)	(39 286 704)
<b>Total</b>	<b>269 401 517</b>	<b>(256 134 068)</b>	<b>13 267 449</b>	<b>269 988 415</b>	<b>(244 617 102)</b>	<b>25 371 313</b>
<b>GFS CLASSIFICATION</b>						
Executive and Council	12 247 403	(10 437 592)	1 809 811	23 225 289	(12 402 518)	10 822 771
Internal audit	-	(1 595 177)	(1 595 177)	-	(1 520 419)	(1 520 419)
Finance and administration	100 172 584	(43 821 719)	56 350 865	93 494 361	(38 969 936)	54 524 425
Planning and Development	-	(1 415 253)	(1 415 253)	-	(728 899)	(728 899)
Public Safety	5 853 875	(37 654 521)	(31 800 646)	5 265 151	(34 848 406)	(29 583 255)
Environmental Protection	36 530	(3 050 981)	(3 014 451)	-	(2 924 198)	(2 924 198)
Waste Management	11 575 019	(9 282 818)	2 292 201	11 480 498	(10 062 045)	1 418 453
Sport and Recreation	18 888 721	(16 601 100)	2 287 622	16 770 804	(15 722 132)	1 048 672
Health	902 387	(17 484 327)	(16 581 940)	407 817	(15 571 575)	(15 163 758)
Road Transport	119 724 999	(114 790 581)	4 934 418	119 344 495	(111 866 976)	7 477 519
<b>Total</b>	<b>269 401 517</b>	<b>(256 134 068)</b>	<b>13 267 449</b>	<b>269 988 415</b>	<b>(244 617 102)</b>	<b>25 371 313</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX C (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL DEPARTMENT) FOR THE YEAR ENDING 30 JUNE 2023

MUNICIPAL DEPARTMENTS	30 JUNE 2023			30 JUNE 2022		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Committee, Records & Councillor Support	-	(3 185 618)	(3 185 618)	-	(3 129 748)	(3 129 748)
Community Services Support	-	(431 270)	(431 270)	-	(754 063)	(754 063)
Comprehensive Health	156 645	(152 586)	4 059	183 196	(183 918)	(723)
Council Expenditure	12 005 981	(7 546 169)	4 459 812	23 225 289	(9 048 490)	14 176 799
Emergency Services	5 853 875	(37 654 521)	(31 800 646)	5 265 151	(34 848 406)	(29 583 255)
Environmental Management	36 530	(3 050 981)	(3 014 451)	-	(2 924 198)	(2 924 198)
Executive (Community Services)	-	(1 018 563)	(1 018 563)	-	(806 076)	(806 076)
Executive (Corporate Services)	32 509	(3 065 779)	(3 033 270)	29 956	(2 080 740)	(2 050 784)
Executive (Finance)	-	(1 295 297)	(1 295 297)	-	(1 091 297)	(1 091 297)
Executive (Municipal Manager)	241 422	(2 264 881)	(2 023 459)	-	(2 890 726)	(2 890 726)
Executive Support	-	(626 542)	(626 542)	-	(463 302)	(463 302)
Expenditure	29 493	(1 594 675)	(1 565 182)	30 292	(2 873 967)	(2 843 675)
Financial Services	100 087 629	(21 364 132)	78 723 498	93 178 101	(17 202 116)	75 975 984
Financial Support	-	(390 411)	(390 411)	-	(367 637)	(367 637)
Human Resources	-	(3 857 618)	(3 857 618)	-	(2 745 699)	(2 745 699)
IDP & Communication	-	(1 415 253)	(1 415 253)	-	(728 899)	(728 899)
Information Services	-	(3 403 615)	(3 403 615)	-	(3 153 725)	(3 153 725)
Internal Audit	-	(1 595 177)	(1 595 177)	-	(1 520 419)	(1 520 419)
Led, Tourism, Resorts & EPWP	18 888 721	(16 601 100)	2 287 622	16 770 804	(15 722 132)	1 048 672
Municipal Health	745 741	(17 331 740)	(16 585 999)	224 622	(15 387 657)	(15 163 035)
Performance & Risk Management	-	(1 143 975)	(1 143 975)	234 899	(1 245 237)	(1 010 338)
Revenue	22 952	(2 179)	20 773	21 113	(1 195 699)	(1 174 586)
Solid Waste	11 575 019	(9 282 818)	2 292 201	11 480 498	(10 062 045)	1 418 453
Supply Chain Management	-	(3 068 588)	(3 068 588)	-	(2 323 931)	(2 323 931)
Roads Function	119 724 999	(114 790 581)	4 934 418	119 344 495	(111 866 976)	7 477 519
<b>Total</b>	<b>269 401 517</b>	<b>(256 134 068)</b>	<b>13 267 449</b>	<b>269 988 415</b>	<b>(244 617 102)</b>	<b>25 371 313</b>



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX D (UNAUDITED)

### DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2023

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	GRANTS RETURNED TO NT/PT	CLOSING BALANCE
	R	R	R	R	R	R
<b>NATIONAL GOVERNMENT</b>						
Equitable Share	-	81 486 000	(81 486 000)	-	-	-
Financial Management Grant (FMG)	-	1 000 000	(1 000 000)	-	-	-
Expanded Public Works Program (EPWP)	-	1 123 000	(1 123 000)	-	-	-
Rural Roads Asset Management System	88 580	2 835 000	(2 821 950)	-	-	101 630
<b>Total</b>	<b>88 580</b>	<b>86 444 000</b>	<b>(86 430 950)</b>	<b>-</b>	<b>-</b>	<b>101 630</b>
<b>PROVINCIAL GOVERNMENT AND OTHER</b>						
SETA Training Fund	307 259	253 033	(354 357)	-	-	205 936
Health Subsidy	-	156 645	(156 645)	-	-	-
CDW Operational Support Grant	64 273	56 000	(113 000)	-	(7 273)	-
Human Capacity Building Grant	617	300 000	(300 000)	-	-	617
Financial Management Capacity Grant	-	500 000	(387 988)	-	-	112 012
Fire Safety Plan	663 602	1 500 000	(1 385 124)	(561 723)	-	216 755
Joint District and Metro Approach Grant (Sanitation)	1 799 000	1 000 000	(569 389)	-	-	2 229 611
Joint District and Metro Approach Grant (Animal Pound)	350 000	-	(313 916)	-	-	36 085
Load Shedding Mitigation Grant	-	1 600 000	(98 658)	(657 717)	-	843 626
Municipal Intervention Grant	-	300 000	(124 436)	-	-	175 564
<b>Total</b>	<b>3 184 751</b>	<b>5 665 678</b>	<b>(3 803 513)</b>	<b>(1 219 439)</b>	<b>(7 273)</b>	<b>3 820 205</b>
<b>ALL SPHERES GOVERNMENT</b>	<b>3 273 331</b>	<b>92 109 678</b>	<b>(90 234 463)</b>	<b>(1 219 439)</b>	<b>(7 273)</b>	<b>3 921 835</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
<b>REVENUE</b>						
<b>Governance and administration</b>	<b>104 389 787</b>	<b>7 255 755</b>	<b>111 645 542</b>	<b>112 419 987</b>	<b>774 444</b>	<b>116 719 650</b>
Executive and Council	14 651 087	(2 145 106)	12 505 981	12 247 403	(258 578)	23 225 289
Finance and administration	89 738 700	9 400 861	99 139 561	100 172 584	1 033 023	93 494 361
<b>Community and public safety</b>	<b>28 255 017</b>	<b>(3 396 000)</b>	<b>24 859 017</b>	<b>25 644 983</b>	<b>785 966</b>	<b>22 443 772</b>
Sport and recreation	18 273 500	504 000	18 777 500	18 888 721	111 221	16 770 804
Public safety	5 849 717	(1 000 000)	4 849 717	5 853 875	1 004 158	5 265 151
Health	4 131 800	(2 900 000)	1 231 800	902 387	(329 413)	407 817
<b>Economic and environmental services</b>	<b>108 895 250</b>	<b>10 811 372</b>	<b>119 706 622</b>	<b>119 761 529</b>	<b>54 907</b>	<b>119 344 495</b>
Road transport	108 781 250	10 804 372	119 585 622	119 724 999	139 377	119 344 495
Environmental protection	114 000	7 000	121 000	36 530	(84 470)	-
<b>Trading services</b>	<b>11 900 000</b>	<b>700 000</b>	<b>12 600 000</b>	<b>11 575 019</b>	<b>(1 024 981)</b>	<b>11 480 498</b>
Waste management	11 900 000	700 000	12 600 000	11 575 019	(1 024 981)	11 480 498
<b>Total Revenue - Standard</b>	<b>253 440 054</b>	<b>15 371 127</b>	<b>268 811 181</b>	<b>269 401 517</b>	<b>590 337</b>	<b>269 988 415</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
<b>EXPENDITURE</b>						
<b>Governance and administration</b>	<b>57 322 255</b>	<b>5 408 260</b>	<b>62 730 515</b>	<b>55 854 488</b>	<b>(6 876 028)</b>	<b>52 892 873</b>
Executive and Council	10 406 898	399 327	10 806 225	10 437 592	(368 633)	12 402 518
Finance and administration	45 034 925	5 009 368	50 044 293	43 821 719	(6 222 574)	38 969 936
Internal audit	1 880 432	(435)	1 879 997	1 595 177	(284 820)	1 520 419
<b>Community and public safety</b>	<b>73 562 821</b>	<b>896 757</b>	<b>74 459 578</b>	<b>71 739 947</b>	<b>(2 719 631)</b>	<b>66 142 113</b>
Sport and recreation	16 622 638	1 356 939	17 979 577	16 601 100	(1 378 477)	15 722 132
Public safety	36 167 528	2 061 953	38 229 481	37 654 521	(574 960)	34 848 406
Health	20 772 655	(2 522 135)	18 250 520	17 484 327	(766 193)	15 571 575
<b>Economic and environmental services</b>	<b>113 424 140</b>	<b>11 227 920</b>	<b>124 652 060</b>	<b>119 256 815</b>	<b>(5 395 244)</b>	<b>115 520 072</b>
Planning and development	1 390 787	165 969	1 556 756	1 415 253	(141 503)	728 899
Road transport	108 781 250	10 804 372	119 585 622	114 790 581	(4 795 040)	111 866 976
Environmental protection	3 252 103	257 579	3 509 682	3 050 981	(458 701)	2 924 198
<b>Trading services</b>	<b>9 036 635</b>	<b>516 537</b>	<b>9 553 172</b>	<b>9 282 818</b>	<b>(270 354)</b>	<b>10 062 045</b>
Waste management	9 036 635	516 537	9 553 172	9 282 818	(270 354)	10 062 045
<b>Total Expenditure - Standard</b>	<b>253 345 851</b>	<b>18 049 474</b>	<b>271 395 325</b>	<b>256 134 068</b>	<b>(15 261 257)</b>	<b>244 617 102</b>
<b>Surplus/(Deficit) for the year</b>	<b>94 203</b>	<b>(2 678 347)</b>	<b>(2 584 144)</b>	<b>13 267 449</b>	<b>15 851 593</b>	<b>25 371 313</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (2) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
<b>REVENUE</b>						
Municipal Manager	14 651 087	(2 145 106)	12 505 981	12 247 403	(258 578)	23 460 188
Corporate Services	30 200	(5 000)	25 200	32 509	7 309	29 956
Finance	89 708 500	9 405 861	99 114 361	100 140 075	1 025 714	93 229 506
Community Services	149 050 267	8 115 372	157 165 639	156 981 531	(184 108)	153 268 765
<b>Total Revenue by Vote</b>	<b>253 440 054</b>	<b>15 371 127</b>	<b>268 811 181</b>	<b>269 401 517</b>	<b>590 337</b>	<b>269 988 415</b>
<b>EXPENDITURE</b>						
Municipal Manager	15 003 436	781 488	15 784 924	14 591 997	(1 192 927)	15 897 072
Corporate Services	13 505 146	1 072 775	14 577 921	13 512 630	(1 065 291)	11 109 912
Finance	27 125 584	4 745 512	31 871 096	27 715 281	(4 155 815)	25 054 648
Community Services	197 711 685	11 449 699	209 161 384	200 314 160	(8 847 223)	192 555 470
<b>Total Expenditure by Vote</b>	<b>253 345 851</b>	<b>18 049 474</b>	<b>271 395 325</b>	<b>256 134 068</b>	<b>(15 261 257)</b>	<b>244 617 102</b>
<b>Surplus/(Deficit) for the year</b>	<b>94 203</b>	<b>(2 678 347)</b>	<b>(2 584 144)</b>	<b>13 267 449</b>	<b>15 851 593</b>	<b>25 371 313</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
<b>REVENUE BY SOURCE</b>						
Service charges - electricity revenue	400 000	(200 000)	200 000	711 287	511 287	278 381
Service charges - water revenue	-	-	-	35 128	35 128	-
Service charges - sanitation revenue	600 000	672 000	1 272 000	704 427	(567 573)	-
Service charges - refuse revenue	12 572 000	28 000	12 600 000	10 884 386	(1 715 614)	9 812 384
Rental of facilities and equipment	12 730 000	195 000	12 925 000	12 849 334	(75 666)	12 457 712
Interest earned - external investments	2 000 000	2 900 000	4 900 000	5 904 072	1 004 072	2 557 630
Interest earned - outstanding debtors	200 000	(200 000)	-	-	-	-
Licences and permits	2 500 000	(1 500 000)	1 000 000	745 741	(254 259)	224 622
Agency services	11 351 087	654 894	12 005 981	12 005 981	-	11 500 908
Transfers and subsidies	197 193 050	15 519 233	212 712 283	206 477 638	(6 234 645)	202 469 974
Other revenue	11 393 917	(2 448 000)	8 945 917	10 625 425	1 679 508	11 040 364
Gains	2 500 000	(2 500 000)	-	7 153 559	7 153 559	17 550 960
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>253 440 054</b>	<b>13 121 127</b>	<b>266 561 181</b>	<b>268 096 979</b>	<b>1 535 798</b>	<b>267 892 935</b>

Service charges were previously aggregated, now disclosed separately per service type. Actuarial Gains amounting to R 5 826 580 was reallocated from Other Revenue to Gains to ensure consistent classification to current year.

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
<b>EXPENDITURE BY TYPE</b>						
Employee related costs	135 931 655	(4 942 667)	130 988 988	134 414 802	3 425 814	122 709 179
Remuneration of councillors	6 165 582	260 035	6 425 617	6 195 418	(230 199)	5 871 509
Debt impairment	200 000	(100 000)	100 000	76 239	(23 762)	67 340
Depreciation & asset impairment	3 625 515	-	3 625 515	3 919 859	294 344	3 732 301
Finance charges	3 329 417	(40 000)	3 289 417	3 005 583	(283 834)	3 491 581
Bulk purchases - electricity	400 000	(150 000)	250 000	455 555	205 555	329 260
Inventory consumed	46 462 150	15 208 360	61 670 510	52 977 857	(8 692 652)	50 560 938
Contracted services	23 791 881	4 367 999	28 159 880	23 876 576	(4 283 304)	23 797 179
Transfers and subsidies	-	3 449 000	3 449 000	1 159 389	(2 289 611)	1 392 568
Other expenditure	33 439 651	(3 253)	33 436 398	29 441 302	(3 995 097)	31 857 859
Losses	-	-	-	611 489	611 489	807 388
<b>Total Expenditure</b>	<b>253 345 851</b>	<b>18 049 474</b>	<b>271 395 325</b>	<b>256 134 068</b>	<b>(15 261 257)</b>	<b>244 617 102</b>
<b>Surplus/(Deficit)</b>	<b>94 203</b>	<b>(4 928 347)</b>	<b>(4 834 144)</b>	<b>11 962 911</b>	<b>16 797 055</b>	<b>23 275 833</b>
Transfers and subsidies - capital	-	2 250 000	2 250 000	1 219 439	(1 030 561)	1 115 586
Contributed Assets	-	-	-	85 099	85 099	979 894
<b>Surplus/(Deficit) for the year</b>	<b>94 203</b>	<b>(2 678 347)</b>	<b>(2 584 144)</b>	<b>13 267 449</b>	<b>15 851 593</b>	<b>25 371 313</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
<b>CAPITAL EXPENDITURE (VOTE)</b>						
<b>Multi-year expenditure</b>						
Corporate Services	50 000	1 184 200	1 234 200	579 728	(654 472)	137 461
Community Services	39 000	4 861 000	4 900 000	366 764	(4 533 236)	-
<b>Single-year expenditure</b>						
Municipal Manager	350 000	(335 000)	15 000	13 035	(1 965)	261 684
Corporate Services	5 065 000	(3 827 600)	1 237 400	887 238	(350 162)	1 706 747
Finance	1 200 000	(1 197 000)	3 000	2 934	(66)	476 345
Community Services	3 569 500	4 510 850	8 080 350	5 821 204	(2 259 146)	6 954 991
<b>Total Capital Expenditure by Vote</b>	<b>10 273 500</b>	<b>5 196 450</b>	<b>15 469 950</b>	<b>7 670 904</b>	<b>(7 799 046)</b>	<b>9 537 228</b>

#### CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)

<b>Governance and administration</b>	<b>6 665 000</b>	<b>(4 170 400)</b>	<b>2 494 600</b>	<b>1 476 899</b>	<b>(1 017 701)</b>	<b>2 582 237</b>
Executive and council	200 000	(180 000)	20 000	6 999	(13 001)	101 696
Finance and administration	6 315 000	(3 840 400)	2 474 600	1 469 900	(1 004 700)	2 320 553
Internal Audit	150 000	(150 000)	-	-	-	159 988
<b>Community and public safety</b>	<b>3 478 500</b>	<b>4 519 350</b>	<b>7 997 850</b>	<b>5 752 171</b>	<b>(2 245 679)</b>	<b>6 538 991</b>
Sport and recreation	339 000	2 314 250	2 653 250	1 742 930	(910 320)	613 308
Public safety	2 355 000	2 930 000	5 285 000	3 953 485	(1 331 515)	5 474 208
Health	784 500	(724 900)	59 600	55 756	(3 844)	451 476
<b>Economic and environmental services</b>	<b>130 000</b>	<b>(52 500)</b>	<b>77 500</b>	<b>75 069</b>	<b>(2 431)</b>	<b>416 000</b>
Planning and development	-	15 000	15 000	13 035	(1 965)	-
Road Transport	-	-	-	-	-	358 000
Environmental protection	130 000	(67 500)	62 500	62 034	(466)	58 000

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
Trading services	-	4 900 000	4 900 000	366 764	(4 533 236)	-
Waste management	-	4 900 000	4 900 000	366 764	(4 533 236)	-
<b>Total Capital Expenditure - Standard</b>	<b>10 273 500</b>	<b>5 196 450</b>	<b>15 469 950</b>	<b>7 670 904</b>	<b>(7 799 046)</b>	<b>9 537 228</b>

#### CAPITAL EXPENDITURE (FUNDING SOURCES)

Provincial Government	-	2 250 000	2 250 000	1 219 439	(1 030 561)	1 115 586
<b>Transfers recognised - capital</b>	<b>-</b>	<b>2 250 000</b>	<b>2 250 000</b>	<b>1 219 439</b>	<b>(1 030 561)</b>	<b>1 115 586</b>
Borrowing	39 000	4 861 000	4 900 000	363 896	(4 536 104)	2 948 000
Contributed Assets	-	-	-	85 099	85 099	979 894
Internally generated funds	10 234 500	(1 914 550)	8 319 950	6 002 469	(2 317 481)	4 493 749
<b>Total Capital Funding</b>	<b>10 273 500</b>	<b>5 196 450</b>	<b>15 469 950</b>	<b>7 670 904</b>	<b>(7 799 046)</b>	<b>9 537 228</b>



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

#### CASH FLOWS

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Service charges	13 572 000	400 000	13 972 000	12 132 482	(1 839 518)	10 333 041
Other revenue	37 775 004	(2 898 106)	34 876 898	36 125 449	1 248 551	30 257 976
Transfers and Subsidies - Operational	197 193 050	12 904 372	210 097 422	221 272 328	11 174 906	190 056 542
Transfers and Subsidies - Capital	-	1 600 000	1 600 000	2 063 065	463 065	1 950 000
Interest	2 200 000	2 700 000	4 900 000	5 448 711	548 711	2 528 624
<b>Payments</b>						
Suppliers and employees	(244 466 881)	(8 150 265)	(252 617 147)	(228 926 927)	23 690 219	(234 001 015)
Finance charges	(2 315 325)	-	(2 315 325)	(2 172 329)	142 996	(2 631 883)
Transfers and Grants	-	(3 449 000)	(3 449 000)	(1 159 389)	2 289 611	(1 392 568)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3 957 848</b>	<b>3 107 001</b>	<b>7 064 848</b>	<b>44 783 389</b>	<b>37 718 541</b>	<b>(2 899 283)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of Assets	2 500 000	9 500 000	12 000 000	10 434 783	(1 565 217)	1 304 348
<b>Payments</b>						
Capital assets	(10 273 500)	(5 196 450)	(15 469 950)	(7 582 937)	7 887 013	(5 609 334)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(7 773 500)</b>	<b>4 303 550</b>	<b>(3 469 950)</b>	<b>2 851 846</b>	<b>6 321 796</b>	<b>(4 304 986)</b>

# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

#### CASH FLOWS

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Payments</b>						
Repayment of borrowing	(3 683 595)	(947 137)	(4 630 732)	(4 630 732)	-	(3 939 357)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(3 683 595)</b>	<b>(947 137)</b>	<b>(4 630 732)</b>	<b>(4 630 732)</b>	<b>-</b>	<b>(3 939 357)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(7 499 247)</b>	<b>6 463 414</b>	<b>(1 035 834)</b>	<b>43 004 503</b>	<b>44 040 337</b>	<b>(11 143 626)</b>
Cash/cash equivalents at the year begin:	52 378 850	(7 446 947)	44 931 903	44 931 903	-	56 075 529
Cash/cash equivalents at the year end:	44 879 602	(983 533)	43 896 069	87 936 406	44 040 337	44 931 903