



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



**AUDITOR-GENERAL  
SOUTH AFRICA**

Report of the Auditor-General for 2021

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

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

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AUDITOR-GENERAL  
SOUTH AFRICA

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

**General Information**

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**MEMBERS OF COUNCIL AS AT 30 JUNE 2021**

<b>Executive Mayor</b>	R Louw
<b>Deputy Executive Mayor</b>	B van As
<b>Speaker</b>	L Potgieter
<b>Councillors</b>	I Brown
	M Gouws
	S Maritz
	W du P Theron

**AUDITORS**

Auditor-General of South Africa  
No. 19 Park Lane Building, Park Lane, Century City, Cape Town  
Western Cape

**BANKERS**

ABSA Bank  
19 Voortrekker Street  
Laingsburg, 6900

**REGISTERED OFFICE**

2 Van Riebeeck Street  
Laingsburg  
6900

Private Bag X4  
Laingsburg  
6900

Tel: (023) 551 1019  
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Webpage: [www.laingsburg.gov.za](http://www.laingsburg.gov.za)  
E-mail: [laingsburg@xsinet.co.za](mailto:laingsburg@xsinet.co.za)

**MUNICIPAL MANAGER**

Mr J Booysen

**CHIEF FINANCIAL OFFICER**

Ms A Groenewald



AUDITOR GENERAL  
SOUTH AFRICA

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

**General Information (Continued)**

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**LEGAL FORM**

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

The Objects of Local Government are:

- to provide democratic and accountable government for local communities;
- to ensure the provision of services to communities in a sustainable manner;
- to promote social and economic development;
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organisations in the matters of local government.

The municipality must strive, within its financial and administrative capacity, to achieve the objects as set out above.

**JURISDICTION**

**Greater Laingsburg area which includes:**

Laingsburg town,  
the settlements Matjiesfontein and Vleiland,  
and scattered farming community



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

**Approval of Annual Financial Statements**

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**MEMBERS OF THE LAINGSBURG MUNICIPALITY**

Ward	Representative	
1	Van As	B
2	Du P Theron	W
3	Potgieter	L
4	Gouws	M
Proportional	Brown	I
Proportional	Louw	R
Proportional	Maritz	S

**APPROVAL OF FINANCIAL STATEMENTS**

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

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 Office Bearers Act and the Minister for Cooperative Governance and Traditional Affairs' determination in accordance with this Act.



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**Mr J Booyesen**  
Municipal Manager

10 March 2022  
Date

LAINGSBURG MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Report of the Auditor General

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- Insert Audit Report -



AUDITOR-GENERAL  
SOUTH AFRICA

**LAINGSBURG MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021**

	Note	Actual	
		2021 R	2020 Restated R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>27 859 944</b>	<b>28 370 923</b>
Inventories	2.	640 536	588 461
Receivables from Exchange Transactions	3.	4 681 520	4 714 935
Statutory Receivables from Exchange Transactions	4.	5 362 853	4 605 655
Receivables from Non-exchange Transactions	5.	-	21 340
Statutory Receivables from Non-Exchange Transactions	6.	7 558 352	6 270 975
Cash and Cash Equivalents	7.	9 616 683	12 169 557
<b>Non-Current Assets</b>		<b>200 926 639</b>	<b>187 208 513</b>
Property, Plant and Equipment	8.	177 200 499	163 334 415
Intangible Assets	9.	202 425	286 249
Investment Property	10.	23 480 362	23 544 495
Heritage Assets	11.	43 354	43 354
<b>Total Assets</b>		<b><u>228 786 583</u></b>	<b><u>215 579 436</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>24 307 457</b>	<b>23 223 277</b>
Consumer Deposits	12.	799 668	708 846
Payables from Exchange Transactions	13.	12 546 199	8 293 049
Unspent Conditional Grants and Receipts	14.	8 401 013	11 885 385
Lease Payables	15.	743	6 225
Employee Benefit Liabilities	16.	267 000	407 000
Provisions	17.	2 292 833	1 922 773
<b>Non-Current Liabilities</b>		<b>33 638 768</b>	<b>25 867 631</b>
Employee Benefit Liabilities	16.	5 518 000	4 354 000
Provisions	17.	28 120 768	21 513 631
<b>Total Liabilities</b>		<b><u>57 946 225</u></b>	<b><u>49 090 908</u></b>
<b>Total Assets and Liabilities</b>		<b><u>170 840 358</u></b>	<b><u>166 488 528</u></b>
<b>NET ASSETS</b>		<b>170 840 358</b>	<b>166 488 528</b>
Accumulated Surplus / (Deficit)	18.	170 840 358	166 488 528
<b>Total Net Assets</b>		<b><u>170 840 358</u></b>	<b><u>166 488 528</u></b>

**LAINGSBURG MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

	Note	Actual	
		2021 R	2020 Restated R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>75 017 821</b>	<b>65 000 947</b>
Property Rates	19.	4 453 576	4 192 390
Fines, Penalties and Forfeits	20.	20 170 476	30 177 348
Transfers and Subsidies	22.	50 341 900	30 494 513
Interest, Dividends and Rent on Land Earned	27.	51 869	136 696
<b>Revenue from Exchange Transactions</b>		<b>22 962 087</b>	<b>22 074 935</b>
Licences and Permits	21.	363 402	513 151
Service Charges	23.	20 173 251	18 795 982
Sales of Goods and Rendering of Services	24.	183 542	151 739
Income from Agency Services	25.	180 194	132 227
Rental from Fixed Assets	26.	1 624 344	1 377 520
Interest, Dividends and Rent on Land Earned	27.	419 459	1 035 592
Operational Revenue	28.	17 894	68 726
<b>Total Revenue</b>		<b>97 979 908</b>	<b>87 075 882</b>
<b>EXPENDITURE</b>			
		<b>93 628 079</b>	<b>91 095 988</b>
Employee Related Costs	29.	29 735 003	25 290 544
Remuneration of Councillors	30.	3 104 345	3 129 152
Depreciation and Amortisation	31.	6 356 135	5 898 007
Impairment Losses	32.	17 732 307	26 261 276
Interest, Dividends and Rent on Land	33.	1 088 105	1 833 617
Bulk Purchases	34.	10 238 091	9 140 441
Contracted Services	35.	6 445 871	5 451 254
Inventory Consumed	36.	2 342 540	1 902 724
Transfers and Subsidies Paid	37.	350 935	382 181
Operating Leases	38.	289 387	460 504
Operational Costs	39.	15 682 221	11 338 208
Loss on Disposal of Property, Plant and Equipment	41.	263 140	8 079
<b>Total Expenditure</b>		<b>93 628 079</b>	<b>91 095 988</b>
<b>OPERATING SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>4 351 830</b>	<b>(4 020 106)</b>
<b>OTHER REVENUE / EXPENDITURE INCURRED</b>			
<b>Other Operations:</b>			
Gains on Other Operations	40.	-	1 004 207
<b>TOTAL OTHER REVENUE / EXPENDITURE INCURRED</b>		<b>-</b>	<b>1 004 207</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>4 351 830</b>	<b>(3 015 898)</b>

Refer to Budget Statement for explanation of budget variances



# LAINGSBURG MUNICIPALITY

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

	Accumulated Surplus/ (Deficit)
	R
<b>2020</b>	
Balance at 30 June 2019	167 122 553
Correction of Error (Note 44)	2 381 873
<b>Restated Balance</b>	<b>169 504 427</b>
Surplus / (Deficit) as per prior 2019/20 AFS	(705 704)
Correction of Error (Note 44)	(2 310 195)
Restated Surplus / (Deficit) for the year	(3 015 899)
<b>Balance at 30 June 2020</b>	<b>166 488 528</b>
<b>2021</b>	
Appropriations from Accumulated Surplus	-
<b>Restated Balance</b>	<b>166 488 528</b>
Surplus / (Deficit) for the year	4 351 830
<b>Balance at 30 June 2021</b>	<b>170 840 357</b>

Details on the movement of the Funds and Reserves are set out in Note 18.

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

	Note	Actual 2021 R	Actual 2020 Restated R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates	19.	4 056 332	3 548 696
Transfers and Subsidies	22.	46 741 678	38 281 537
Service Charges	23.	2 646 914	(6 792 992)
External Interest and Dividends Received	27.	285 446	609 862
Other Receipts	28.	21 541 568	32 092 717
VAT Received	7.	-	573 271
<b>Payments</b>			
Employee Related Costs	29.	(28 335 455)	(25 111 261)
Remuneration of Councillors	30.	(3 104 345)	(3 129 152)
External Interest and Dividends Paid	33.	(369 567)	(9 769)
Suppliers Paid	35.	(14 958 866)	(14 804 412)
Other Payments	39.	(9 332 006)	(12 260 801)
VAT Paid	7.	(757 198)	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>46.</b>	<b><u>18 414 500</u></b>	<b><u>12 997 694</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	8.	(20 961 150)	(7 347 571)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b><u>(20 961 150)</u></b>	<b><u>(7 347 571)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in Finance Leases (Leases Redeemed)	15.	(6 225)	(16 973)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b><u>(6 225)</u></b>	<b><u>(16 973)</u></b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b><u>(2 552 874)</u></b>	<b><u>5 633 151</u></b>
Cash and Cash Equivalents at Beginning of Financial Year	7.	12 169 557	6 536 406
Cash and Cash Equivalents at End of Financial Year	7.	9 616 683	12 169 557



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

30 June 2021

Description	Original Budget	Adjustment Budget	Special Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R
<b>FINANCIAL POSITION</b>								
<b>Current Assets</b>								
Inventory	1 017 675	679 165	679 165	679 165	640 538	(38 629)	93.55%	62.44%
Consumer Debtors	3 479 931	1 702 767	3 049 124	3 049 124	10 044 372	6 995 248	329.59%	288.79%
Other Debtors	10 656 256	9 566 702	9 566 700	9 566 700	7 558 352	(2 008 348)	79.01%	70.93%
Cash and Cash Equivalents	7 615 218	2 122 521	(3 362 426)	(3 362 426)	9 616 683	12 979 109	286.00%	126.28%
Call Investment Deposits	1 622 298	1 622 298	1 622 298	1 622 298	-	(1 622 298)	0.00%	0.00%
Current Portion of Long-term Receivables	395	1 342	1 342	1 342	-	(1 342)	0.00%	0.00%
<b>Non-Current Assets</b>								
Property, Plant and Equipment	176 640 899	177 965 812	182 762 518	182 762 518	177 200 499	(5 562 019)	96.96%	100.32%
Intangible	213 568	244 886	244 850	244 850	202 425	(42 425)	82.67%	94.78%
Investment Property	24 604 180	22 704 362	22 704 394	22 704 394	23 480 352	775 958	103.42%	95.43%
Other Non-current Assets	43 354	43 354	43 354	43 354	-	-	100.00%	100.00%
<b>Total Assets</b>	<b>225 893 873</b>	<b>216 253 228</b>	<b>217 311 319</b>	<b>217 311 319</b>	<b>226 785 583</b>	<b>11 475 264</b>	<b>105.26%</b>	<b>101.28%</b>
<b>Current Liabilities</b>								
Consumer Deposits	764 475	714 824	714 824	714 824	799 688	84 864	111.87%	104.69%
Trade and Other Payables	11 405 459	7 880 549	7 890 102	7 890 102	20 947 213	13 057 111	265.49%	183.66%
Borrowing	16 973	6 225	6 225	6 225	743	(5 482)	11.94%	4.38%
Provisions	3 104 963	25 157 324	24 894 215	24 884 215	2 559 833	(22 324 383)	10.29%	82.44%
<b>Non-Current Liabilities</b>								
Borrowing	6 225	-	-	-	-	-	-	0.00%
Provisions	16 941 856	4 557 352	5 000 000	5 000 000	33 638 763	28 638 763	672.78%	198.55%
<b>Total Liabilities</b>	<b>32 239 982</b>	<b>38 316 274</b>	<b>38 495 367</b>	<b>38 495 367</b>	<b>57 946 225</b>	<b>19 450 858</b>	<b>150.53%</b>	<b>179.73%</b>
<b>Total Assets and Liabilities</b>	<b>193 653 891</b>	<b>177 936 955</b>	<b>178 815 952</b>	<b>178 815 952</b>	<b>170 840 358</b>	<b>(7 975 594)</b>	<b>95.54%</b>	<b>88.22%</b>
<b>Net Assets (Equity)</b>								
Accumulated Surplus / (Deficit)	193 653 891	177 936 955	178 815 952	178 815 952	170 840 358	(7 975 594)	95.54%	88.22%
<b>Total Net Assets</b>	<b>193 653 891</b>	<b>177 936 955</b>	<b>178 815 952</b>	<b>178 815 952</b>	<b>170 840 358</b>	<b>(7 975 594)</b>	<b>95.54%</b>	<b>88.22%</b>

**Financial Position: Explanation of Variances between Approved Budget and Actual**

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

**Consumer Debtors**

Unanticipated increase in debtors' bad debt provision due to the impact of National Lockdown caused by the Covid-19 Pandemic, which has rendered debtors unable to pay their current obligations to the municipality.

**Cash and Cash Equivalents**

The Cash and Cash Equivalents is influenced by the Capital Projects rollover to 2020:21 financial year and the unspent Conditional Grants (NT Budget Templates deviates from GRAP 1)

**Call Investment Deposits**

NT Budget Templates deviates from GRAP 1 Call Investment Deposits are classified as "Cash and Cash Equivalents"

**Intangible**

Intangible Assets variance is due to the reclassification to Property, Plant and Equipment (PPE)

**Consumer Deposits**

Increase is due to relative movement of new consumers on the database

**Provisions**

This amount relates to Employee Related Benefits and Rehabilitation of landfill sites. The actuals are slightly higher than budgeted amount

**Trade and Other Payables**

Increase is due to the accounting for external audit fee for the Auditor-General that was not budgeted as a 100% expense for the municipality. This item includes Unspent Conditional Grants for which no budget provision is allowed, unless a rollover has been approved by National Treasury.

**Borrowings**

Original budget adjusted to provide for the phasing out of fast lease installment calculation.

**Provisions**

This item includes Employee Benefit Liabilities for which the budgeted amount for Post-retirement Health Care Benefits Liability was less than the final actuarial calculation



AUDITOR-GENERAL  
SOUTH AFRICA

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

30 June 2021

Description	Original Budget	Adjustment Budget	Special Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R
<b>FINANCIAL PERFORMANCE</b>								
Property Rates	4 715 800	5 004 430	5 004 430	5 004 430	4 453 576	550 854	88.99%	94.44%
Fines, Penalties and Forfeits	32 410 176	26 935 700	26 935 700	26 935 700	20 170 476	6 765 224	74.89%	82.24%
Transfers and Subsidies	27 558 190	35 724 810	35 724 810	35 724 810	50 341 900	14 617 090	140.92%	182.67%
Licences and Permits	927 096	277 400	277 400	277 400	363 402	86 002	131.60%	39.20%
Service Charges	25 060 312	21 050 891	21 050 891	21 050 891	20 173 251	877 640	95.79%	80.50%
Agency Services	165 212	212 000	212 000	212 000	180 194	(31 806)	85.00%	108.41%
Rental of Facilities and Equipment	1 137 300	1 689 600	1 689 600	1 689 600	1 824 344	45 258	97.29%	142.82%
Interest Earned - External Investments	673 932	485 200	485 200	485 200	342 530	142 670	70.80%	50.83%
Interest Earned - Outstanding Debtors	761 734	-	-	-	128 798	128 798	-	15.91%
Other Revenue	149 772	271 400	271 400	271 400	201 435	69 964	74.22%	134.50%
<b>Total Revenue</b>	<b>93 550 574</b>	<b>91 641 431</b>	<b>91 641 431</b>	<b>91 641 431</b>	<b>97 979 908</b>	<b>6 338 477</b>	<b>106.82%</b>	<b>104.72%</b>
<b>Expenditure</b>								
Employee Related Costs	29 033 908	28 993 524	28 993 524	28 993 524	29 735 003	741 479	102.70%	102.41%
Remuneration of Councillors	3 300 156	3 285 755	3 285 755	3 285 755	3 104 345	181 411	94.48%	94.07%
Depreciation and Asset Impairment	5 711 052	5 709 100	5 709 100	5 709 100	7 095 735	1 386 635	124.23%	124.25%
Debt Impairment	27 277 404	24 246 133	24 246 133	24 246 133	16 992 705	7 253 427	70.06%	82.30%
Finance Charges	795 000	21 000	21 000	21 000	1 088 105	1 067 105	5181.45%	136.87%
Bulk Purchases	9 149 984	8 734 950	8 734 950	8 734 950	10 238 091	1 503 141	117.21%	111.89%
Contracted Services	7 144 828	12 434 737	12 434 737	12 434 737	6 445 871	5 988 866	51.84%	90.22%
Other Materials	1 779 575	1 686 728	1 686 728	1 686 728	2 342 540	655 812	138.88%	131.63%
Transfers and Subsidies	605 136	740 160	740 160	740 160	350 935	389 225	47.41%	57.99%
Other Expenditure	14 110 072	11 647 956	11 647 956	11 647 956	15 234 747	4 586 751	139.86%	115.06%
<b>Total Expenditure</b>	<b>98 507 096</b>	<b>97 460 064</b>	<b>97 460 064</b>	<b>97 460 064</b>	<b>93 623 079</b>	<b>3 832 065</b>	<b>95.87%</b>	<b>94.66%</b>
Surplus / (Deficit)	5 346 522	5 818 653	5 818 653	5 818 653	4 351 830	10 170 483	74.79%	-81.40%
Transfers and Subsidies - Capital	10 005 550	20 226 785	20 226 785	20 226 785	-	20 226 785	0.00%	0.00%
<b>Surplus/(Deficit for the Year)</b>	<b>4 659 028</b>	<b>14 408 132</b>	<b>14 408 132</b>	<b>14 408 132</b>	<b>4 351 830</b>	<b>(10 056 302)</b>	<b>30.20%</b>	<b>93.41%</b>

**Financial Performance: Explanation of Variances between Approved Budget and Actual**

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below

**Property Rates:**

Larger number of farmers have applied for additional agricultural rebate on their property rates and no interim valuation has taken place either.

**Fines, Penalties and Forfeits:**

Fines mostly relate to the traffic fines and arise from unanticipated traffic infringements.

**Transfers and Subsidies:**

Transfers and Subsidies recognised are higher than the budgeted amount, due to the rollover of the Water Services Infrastructure Grant from 2018/19 financial year.

**Licences and Permits:**

**Agency Services:**

During the lockdown period, vehicle owners were granted an extension to renew their motor licenses but with the opening of the renewal period, the vehicle owners did not immediately renew their overdue licenses which led to a further extension period.

**Interest Earned - External Investments:**

This interest relates to interest earned on bank and investments and interest charged on outstanding debtors. The actuals are lower than anticipated mostly due to the municipality not charging interest on the outstanding debtors as result of Covid-19 Pandemic.

**Interest Earned - Outstanding Debtors:**

The budget for this item is included in "Interest Earned - External investments".

**Other Revenue:**

Commission received was higher than budgeted for.

**Depreciation and Asset Impairment:**

Depreciation was under-budgeted for and the final calculation of the reviewed FAR was higher than the expected budget.

**Debt Impairment:**

The variance is due to traffic fines bad debt provision not budgeted for.

**Finance Charges:**

The variance is due to interest charged on Overdue Creditors, Finance Lease and Landfill Sites Provision not budgeted for.

**Bulk Purchases:**

The increase was due to the exceeding of the maximum notified demand from Eskom.

**Contracted Services:**

The budget is slightly higher than anticipated.

**Other Materials:**

Inventory was issued to the user departments during the end of the financial year.

**Transfers and Subsidies:**

A grant from the Provincial Treasury was received for bursaries to non-employee - far fewer applications were received than expected.

**Other Expenditure:**

Increase is due to the external audit fees that were only budgeted for the expected 1% of total expenditure. Total amount for accounts received were accounted for in actual outcome.



AUDITOR-GENERAL  
SOUTH AFRICA

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

30 June 2021

Description	Original Budget	Adjustment Budget	Special Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R
<b>CAPITAL EXPENDITURE PER FUNCTION</b>								
Finance and Administration	-	-	-	-	226 889	226 889		
Community and Social Services	1 110 000	1 110 000	1 288 730	1 288 730	1 913 982	625 252	148.52%	172.43%
Sport and Recreation	717 000	645 425	717 000	717 000	218 397	(498 603)	30.46%	30.46%
Road Transport	-	-	-	-	177 631	177 631		
Energy Sources	400 000	400 000	-	-	3 130 435	3 130 435		782.61%
Waste Water Management	-	-	4 998 000	4 998 000	8 044	(4 989 956)	0.16%	
Water Management	7 779 550	18 071 380	18 419 785	18 419 785	14 453 981	(3 965 804)	78.47%	185.82%
<b>Total Capital Expenditure</b>	<b>10 005 550</b>	<b>20 226 785</b>	<b>25 421 515</b>	<b>25 421 515</b>	<b>20 129 359</b>	<b>(5 292 156)</b>	<b>79.18%</b>	<b>201.18%</b>

**Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual**

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

**Finance and Administration:**

No budget from internal funds was done but at the end of financial year unforeseen problems led to the purchase of asset from operating expenditure

**Community and Social Services:**

An additional grant was received to complete the Small Business Park project

**Sport and Recreation:**

The project was not completed before the end of the financial year

**Roads and Transport:**

Projects not finalised

**Energy Sources:**

Additional grant was received after adjustment budget and not add to a further adjustment. Project is still in process

**Water:**

Projects not finalised - project will continue in the new financial year

**Waste Water Management:**

Projects not finalised - project will continue in the new financial year



AUDITOR-GENERAL  
SOUTH AFRICA

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

30 June 2021

Description	Original Budget	Adjustment Budget	Second Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R
<b>CASH FLOW</b>								
<b>Cash Flows from/(used in) Operating Activities</b>								
<b>Receipts</b>								
Property Rates	4 480 010	4 597 908	4 879 319	4 879 319	4 058 332	(822 987)	83.13%	90.54%
Transfers and Subsidies	37 563 740	41 711 740	44 673 000	44 673 000	46 741 678	2 068 578	104.63%	124.43%
Service Charges	24 030 188	22 650 765	20 602 854	20 602 854	2 646 914	(17 955 940)	12.85%	11.01%
Interest	1 314 498	1 415 292	485 200	485 200	285 448	(199 754)	58.63%	21.72%
Other Revenue	8 809 213	8 839 927	6 445 678	6 446 678	21 541 588	15 094 890	334.15%	244.53%
<b>Payments</b>								
Suppliers and Employees	(63 923 601)	(66 623 511)	(65 654 511)	(65 654 511)	(56 487 869)	9 166 542	86.04%	88.37%
Finance Charges	(795 000)	(795 000)	(21 000)	(21 000)	(369 567)	(348 567)	1759.84%	46.49%
<b>Cash Flows from/(used in) Investing Activities</b>								
Purchase of Property, Plant and Equipment	(9 754 291)	(20 985 197)	(25 743 565)	(25 243 565)	(20 961 150)	4 282 415	83.04%	214.69%
<b>Cash Flows from/(used in) Financing Activities</b>								
Borrowing Long-term/Refinancing	-	-	-	-	(6 225)	(6 225)	-	-
Increase/(Decrease) in Consumer Deposits	43 272	-	-	-	-	-	-	0.00%
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<b>7 469 486</b>	<b>12 091 897</b>	<b>12 091 897</b>	<b>12 091 897</b>	<b>12 109 557</b>	<b>11 279 151</b>	<b>2522.51%</b>	<b>841.99%</b>
<b>Cash and Cash Equivalents at End of the Year</b>	<b>9 237 513</b>	<b>3 863 819</b>	<b>(1 740 128)</b>	<b>(1 740 128)</b>	<b>9 616 683</b>			

**Cash Flow Statement: Explanation of Variances between Approved Budget and Actual**

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

**Property Rates:**

During the Covid-19 period the ratepayers suffered to keep their account up to date. The agricultural area is currently caught in a severe drought and the farmers are struggling financially.

**Service Charges:**

The receipts for service charges are lower than anticipated due to low collection rate as result of National Lockdown caused by Covid-19 Pandemic.

**Interest:**

This interest relates to interest earned on bank and investments and interest charged on outstanding debtors. The actuals are lower than anticipated mostly due to low collection rate as result of Covid-19 Pandemic.

**Other Revenue:**

NT Budget Template not aligned to GRAP and other receipts are higher than anticipated due to receipts from Non-exchange Transactions.

**Suppliers and Employees:**

Suppliers and Employees paid include Remuneration and Other Payments and are lower than anticipated as result of National Lockdown caused by Covid-19 Pandemic.

**Finance Charges:**

The variance is due to interest charged on Overdue Creditors, Finance Lease and Landfill sites provision not budgeted for.

**Purchase of Property, Plant and Equipment:**

The underspending of projects relate to various Capital Programmes, with the budget rollover to 2020/21 for implementation of the projects. The budget rollover was approved by Council on 30 September 2020. This is also influenced by the underspending of Conditional Grants.



AUDITOR GENERAL  
SOUTH AFRICA

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

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**1. BASIS OF PRESENTATION**

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

The Annual Financial Statements have been prepared in accordance with the historical cost convention, except where indicated otherwise.

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

**1.1 Presentation Currency**

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

**1.2 Critical Judgements, Estimations and Assumptions**

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

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

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

**1.2.1 Revenue Recognition**

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

• **Revenue for Traffic Fines:**

There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. The full amount of traffic fines issued during the year is recognised at the initial transaction date as revenue. Where a reliable estimate cannot be made of revenue from summonses, the revenue is recognised when the public prosecutor pays the cash collected over to the municipality.

## LAINGSBURG MUNICIPALITY

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

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#### 1.2.2 Water Inventory

The estimation of the Water Inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end

#### 1.2.3 Impairment of Financial Assets

Accounting Policy 4.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- **Impairment of Trade Receivables:**  
The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.
- **Impairment of Traffic Fines:**  
Assessing and recognising impairment of Receivables for Traffic Fines is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not to be made at the time of initial recognition.

#### 1.2.4 Impairment of Statutory Receivables

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

#### 1.2.5 Capitalisation of Capital Assets

Judgement by management is required to distinguish between expenses incurred to maintain and repair capital assets and expenses incurred that will increase the remaining useful life of capital assets and needs to be capitalised to capital assets.

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

As described in Accounting Policies 6.3, 7.2 and 8.2, the municipality depreciates its Property, Plant & Equipment and Investment Property, and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

#### 1.2.7 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy 5 on Impairment of Assets, Accounting Policy 3.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment and Accounting Policy 7.2 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value or Current Replacement Cost.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.





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

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**1.2.8 Service Concession Arrangements**

The municipality assesses whether it is a party to any service concession arrangements by considering the principles contained in GRAP 32 and IFRIC 12.

Management has assessed all arrangements in place and concluded that there are no service concession arrangements to which it was a party during this accounting period.

**1.2.9 Defined Benefit Plan Liabilities**

As described in Accounting Policy 15.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

**1.2.10 Provisions and Contingent Liabilities**

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

**1.2.11 Principals and Agent Arrangements**

The municipality assesses whether it is a party to any principal-agent arrangements by considering the principles contained in GRAP 109.

The municipality is assessed to be the agent and only accounts for the amounts which the agent are entitled to in terms of the principal-agent arrangement. In order to assess that the municipality is the agent, the following factors were considered in applying its judgement:

- The municipality acts as an agent for Department of Transport for issuing licenses and permits and collects monies on their behalf.

**1.2.12 Housing Arrangements**

The municipality is not accredited to deliver housing under the national housing programme. However it assesses its roles and responsibilities it undertakes for each project undertaken in terms of the national housing programme by assessing the terms and conditions agreed with the relevant Provincial Department of Human Settlements.

Management has assessed all arrangements in place and concluded that there are no housing arrangements to which it was a project manager or developer during this accounting period.

**1.2.13 Budget Information**

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

**1.2.14 Segment Reporting**

The municipality is assessed to have reportable segments as per the requirements of GRAP 18. In order to assess that the segments could be aggregated, the following factors were considered in applying its judgement:

- For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide.
- No individually material operating segments have been aggregated to form the above reportable operating segments.
- The municipality does not monitor segments geographically.

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

**1.2.15 The effect of COVID-19**

Management needs to estimate the effect of COVID-19 on its future cash flow and discount rates to ensure that the municipality will remain a going concern.

Judgement needs to be made on the effect of COVID-19 on credit risk, liquidity risk and going concern.

**1.3 Materiality**

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

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

**1.4 Going Concern Assumption**

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

The recent COVID-19 pandemic and its effect on the municipality's current and expected performance has been considered by management in the Going Concern Assumption.

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

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

Standard of GRAP / Nature of Impending Changes / Expected Impact	Effective Date	Planned Date for Application by Municipality
<ul style="list-style-type: none"> <li>◦ <b>Guideline</b>      <b>Accounting for Landfill Sites</b> None. Standard not applicable to Municipality</li> </ul>	Not yet determined	Not yet determined
<ul style="list-style-type: none"> <li>◦ <b>Guideline</b>      <b>The Application of Materiality to Financial Statements</b> No changes expected</li> </ul>	Not yet determined	Not yet determined

The municipality has no operations and / or interests in the above-mentioned Standards where the impact is indicated "None, Standard not applicable to Municipality" and therefore it is regarded that no disclosures on these Standards will be necessary.

**1.6 Utilisation of Transitional Provisions**

**GRAP 108 Statutory Receivables**

GRAP 108 Statutory Receivables became effective on 1 April 2019 and, in accordance with the transitional provisions for the Standard provided in Directive 3, entities are not required to change their accounting policies in respect of the classification and measurement of statutory receivables for reporting periods beginning on a date within three years following the date of first adoption of GRAP 108. Entities shall comply with the disclosure requirements of GRAP 108 as and when statutory receivables are classified and measured in accordance with the Standard of GRAP.



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

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The municipality is taking advantage of the transitional provisions by not classifying or measuring its Statutory Receivables in accordance with GRAP 108, and, therefore, no disclosures required by GRAP 108 has been made.

The estimate Statutory Receivables that exists in the municipality's books at year-end are those relating to Property Rates, Fines and VAT.

The municipality intends to fully apply the requirements of GRAP 108 by 30 June 2022.

## **2. BUDGET INFORMATION**

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

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

## **3. INVENTORIES**

### **3.1 Recognition and Initial Measurement**

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

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

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

### **3.2 Subsequent Measurement**

#### **3.2.1 Consumable Stores**

Subsequently, inventories sold are valued at the lower of cost and net realisable value. The cost is determined using the Weighted Average Method.

Consumable stores distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and current replacement cost. The cost is determined using the Weighted Average Method.

#### **3.2.2 Water Inventory**

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

## LAINGSBURG MUNICIPALITY

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

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the FIFO Method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

#### 3.2.3 Other Arrangements

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

Differences arising on the measurement of such Inventory at the lower of cost and current replacement cost or net realisable value, are recognised in Surplus or Deficit in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in current replacement cost or net realisable value is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

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

#### 4. FINANCIAL INSTRUMENTS

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

##### Initial Recognition

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

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

##### 4.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

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

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

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

##### 4.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

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



#### **4.3 Initial and Subsequent Measurement**

##### **4.3.1 Financial Assets:**

###### **Financial Assets measured at Amortised Cost**

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

##### **4.3.2 Financial Liabilities:**

###### **Financial Liabilities held at Amortised Cost**

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

Prepayments are carried at cost less any accumulated impairment losses.

#### **4.4 Impairment of Financial Assets**

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

##### **4.4.1 Financial Assets at Amortised Cost**

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

Government accounts are not provided for as such accounts are regarded as receivable for the following reasons:

- It is management's judgement that the accounts are not "lost events" in terms of GRAP 104.58.
- State Departments and Entities have to pay their creditors within 30 days in terms of the PFMA.
- Interest is charged on all outstanding balances at a rate of the banker's prime rate plus 1%.
- There is an urge from National Treasury that State Departments and Entities should start paying their outstanding debt.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

#### **4.5 Derecognition of Financial Assets**

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

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

#### **4.6 Derecognition of Financial Liabilities**

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

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

### **5. STATUTORY RECEIVABLES**

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

The municipality has the following Statutory Receivables from Non-exchange Transactions:

- Assessment Rates
- Fines

#### **5.1 Recognition and Initial Measurement**

Statutory Receivables are recognised if the transaction is an exchange transaction per GRAP 9 or a non-exchange transaction per GRAP 23 or, if the transaction is not within the scope of GRAP 9 or GRAP 23, or another Standard of GRAP, and the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be reliably measured.

The municipality recognises Statutory Receivables when they arise.

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

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

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

#### **5.2 Subsequent Measurement**

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

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

#### **5.3 Impairment**

Statutory Receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables, such as the probability of insolvency or significant financial difficulties of the debtor.

In assessing whether Statutory Receivables are impaired, the municipality assesses whether there are any indications that individually significant receivables are impaired; and/or groups of similar, individually insignificant, receivables are impaired.



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

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The municipality groups together and assesses collectively for impairment those receivables that exhibit similar characteristics which provide information about the possible collectability of the amounts owing to the municipality. The municipality uses the following groupings:

- Assessment Rates
- Fines

If there is such evidence the carrying amount is reduced to the estimated future cash flows, an impairment loss is recognised, directly or indirectly, through the use of an allowance account, with the amount of the impairment loss being recognised in Surplus or Deficit.

#### **5.4 Derecognition**

The municipality derecognises Statutory Receivables only when the rights to the cash flows from the receivable expires or it transfers the Statutory Receivable and substantially all the risks and rewards of ownership of the receivable to another municipality, except when council approves the write-off of the receivable due to non-recoverability.

The municipality derecognises a receivable if the municipality, despite having retained some significant risks and rewards of ownership, transfers control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality recognises separately any rights and obligations created or retained in the transfer. The carrying amount of and statutory receivables transferred is allocated between the rights and obligations retained and those transferred on the basis of the relative fair values at the transfer date. The municipality assesses whether any newly created rights and obligations are within the scope of GRAP 104 or another Standards of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, is recognised in surplus or deficit in the period transferred.

## **6. PROPERTY, PLANT AND EQUIPMENT**

### **6.1 Initial Recognition and Measurement**

Property, Plant and Equipment are initially recognised at cost.

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

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

### **6.2 Subsequent Measurement**

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses

### **6.3 Depreciation**

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

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

	Asset Class	Years		Asset Class	Years
	<b>Buildings</b>			<b>Community</b>	
	Improvements	10 - 100		Community Facilities	15 - 100
				Recreational Facilities	20 - 100
	<b>Infrastructure</b>			<b>Other</b>	
	Electricity	15 - 60		Computer Equipment	5 - 30
	Roads and Paving	10 - 60		Furniture and Office Equipment	6 - 50
	Sanitation / Sewerage	10 - 60		Machinery and Equipment	5 - 40
	Solid Waste	15 - 60		Transport Assets	10 - 45
	Water	5 - 80			

**6.4 Land**

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

**6.5 Incomplete Construction Work**

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

**6.6 Infrastructure Assets**

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

**6.7 Finance Leases**

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

**6.8 Derecognition**

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

**7. INTANGIBLE ASSETS**

**7.1 Initial Recognition and Measurement**

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

Intangible Assets are initially recognised at cost.

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

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



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

**7.2 Subsequent Measurement, Amortisation and Impairment**

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

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

	Asset Class	Years
	Computer Software Purchased	5 - 10

**7.3 Derecognition**

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

**8. INVESTMENT PROPERTY**

**8.1 Initial Recognition and Measurement**

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

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

**8.2 Subsequent Measurement**

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 20 - 100 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

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

**8.3 Derecognition**

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

**9. HERITAGE ASSETS**

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

**9.1 Initial Recognition and Measurement**

Heritage Assets are initially recognised at cost.

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

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

**9.2 Subsequent Measurement**

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

**9.3 Derecognition**

The gain or loss arising from the derecognition of an item of Heritage Assets is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

**10. IMPAIRMENT OF ASSETS**

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

**10.1 Impairment of Cash Generating Assets**

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

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

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

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

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

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

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

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



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

#### 10.2 Impairment of Non-cash Generating Assets

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

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

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

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

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

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

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

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

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

#### 11. CONSUMER DEPOSITS

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

#### 12. PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighing all possible outcomes by their associated probabilities.

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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. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

#### 12.1 Provision for Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to Surplus or Deficit.

### 13. LEASES

#### 13.1 The Municipality as Lessee

##### 13.1.1 Finance Leases

Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments to the fair value of the asset, plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

##### 13.1.2 Operating Leases

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

#### 13.2 The Municipality as Lessor

Amounts due from lessees under **Finance Leases** or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a Straight-line Basis over the term of the relevant lease.



**14. BORROWING COSTS**

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

**15. EMPLOYEE BENEFIT LIABILITIES**

**15.1 Short-term Employee Benefits**

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

**15.1.1 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 year-end and also on the total remuneration package of the employee.

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

Accumulated leave is vesting.

**15.1.2 Staff Bonuses Accrued**

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

**15.1.3 Provision for Performance Bonuses**

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

**15.2 Post-employment Benefits**

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

**15.2.1 Defined Contribution Plans**

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**15.2.2 Defined Benefit Plans**

**Post-retirement Health Care Benefits**

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

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The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

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

**Long-service Allowance**

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

**Provincially-administered 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 charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially 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.

**Defined Benefit Pension Plans**

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

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

**16. REVENUE RECOGNITION**

**16.1 General**

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts



## **16.2 Revenue from Non-exchange Transactions**

### **16.2.1 Rates and Taxes**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a Time-proportionate Basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

### **16.2.2 Fines**

Fines constitute both spot fines and summonses

Revenue for fines is recognised when the fine is issued at the full amount of the receivable. The municipality uses estimates to determine the amount of revenue that the municipality is entitled to collect that is subject to further legal proceedings.

### **16.2.3 Government Grants and Receipts**

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

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

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

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

### **16.2.4 Public Contributions**

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

### **16.2.5 Other Donations and Contributions**

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

### **16.2.6 Interest Earned**

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

### **16.2.7 Tariff Charges**

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

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

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

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**16.3 Revenue from Exchange Transactions**

**16.3.1 Service Charges**

Service Charges are levied in terms of approved tariffs.

Service Charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties that have improvements. Tariffs are determined per category of property usage.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

**16.3.2 Prepaid Electricity**

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

**16.3.3 Rentals Received**

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

**16.3.4 Income from Agency Services**

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

**16.3.5 Interest Earned**

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

Interest on outstanding customer receivables is calculated when the receivable is more than 30 days at prime rate plus 1%, and recognised in surplus or deficit on the time-proportionate basis.

**16.3.6 Tariff Charges**

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

**16.3.7 Sale of Goods (including Houses)**

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

- (a) The municipality has transferred to the buyer 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; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.



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**17. GRANTS-IN-AID**

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

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

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

**18. MATERIAL LOSSES**

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

**19. UNAUTHORISED EXPENDITURE**

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

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

**20. IRREGULAR EXPENDITURE**

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure.

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

**21. FRUITLESS AND WASTEFUL EXPENDITURE**

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

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

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**22. COMMITMENTS**

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP;
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date;
- Items are classified as commitments where the College commits itself to future transactions that will normally result in the outflow of resources;
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements; and
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

**23. RELATED PARTIES**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Executive Mayor, Speaker, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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

**24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

**25. EVENTS AFTER THE REPORTING DATE**

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements.

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

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**26. SEGMENT REPORTING**

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered separately for each of the towns within the municipal jurisdiction. The components described below have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting).

The following services are considered significant to the municipality and is accordingly managed separately:

- Municipal governance and administration.
- Community and public safety.
- Housing.
- Health.
- Energy, waste, waste water and water.
- Other.

All other sources of income and expenditure is aggregated through means of the administrative function as these services are not significant to the other services of the municipality as a whole.

The municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdiction.

Intersegmental transfers are per the municipality's approved tariff policy. The reconciliation clearly describes the effects of all internal transfers between segments.

The accounting policies for segmental reporting in the management accounts are aligned to the requirements of GRAP as described in these accounting policies.

No changes from were made from prior periods measurement methods used to determine reported segment surplus or deficit.

**27. VALUE ADDED TAX**

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991)

**LAINSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	2021 R	2020 R
<b>1. GENERAL INFORMATION</b>		
<p>Laingsburg Municipality is a local municipality in the Western Cape and is one of three local municipalities under the jurisdiction of the Central Karoo District Municipality. The municipal area includes the town of Laingsburg, the settlements of Matjiesfontein and Vleiland as well rural farms. The address of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).</p>		
<b>2. INVENTORIES</b>		
Consumables	442 526	330 137
Finished Goods	141 273	135 843
Materials and Supplies	32 844	92 143
Water - At Cost	23 893	30 338
<b>Total Inventories</b>	<b>640 536</b>	<b>588 461</b>

The prior year amount for Inventories has been adjusted. Refer to Note 44.3 on "Correction of Error" for details of the restatement.

**2.1 Allocation for Cash Flow**

**Suppliers Paid:-**

Inventory - Opening Balance	588 461	928 178
Inventory - Closing Balance	(640 536)	(588 461)
<b>Total Inventory allocated to Suppliers Paid</b>	<b>(52 076)</b>	<b>339 717</b>
<b>Total Inventory allocated to Cash Flow</b>	<b>(52 076)</b>	<b>339 717</b>

**Materials and Supplies** are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Current Replacement Cost were required.

**Water** is held for distribution and measured at the lower of Cost and Net Realisable Value. No write down of Inventory to Net Realisable Value was required.

The cost of inventories recognised as an expense includes R2 342 540 (2020: R1 902 724)

**3. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2021</b>			
Service Debtors	4 757 069	3 389 669	1 367 399
Electricity	1 431 874	708 878	722 996
Refuse	634 652	536 662	97 990
Sewerage	664 615	1 096 051	(421 436)
Merchandising, Jobbing and Contracts	9 690	-	9 690
Other Service Charges	1 227 136	81 685	1 145 501
Water	789 050	976 393	(187 342)
Other Receivables	621 948	417 471	204 476
Other Debtors	982 577	-	982 577
Control, Cleaning and Interface Accounts	40 233	-	40 233
Deposits for Land	2 086 834	-	2 086 834
<b>Total Receivables from Exchange Transactions</b>	<b>8 488 659</b>	<b>3 807 140</b>	<b>4 681 520</b>



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	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2020</b>			
Service Debtors:	5 389 813	3 426 624	1 963 189
Electricity	1 581 376	649 578	931 797
Refuse	781 134	549 269	231 865
Sewerage	886 476	1 116 472	(229 996)
Merchandising, Jobbing and Contracts	9 962	-	9 962
Other Service Charges	1 146 460	99 985	1 046 476
Water	984 406	1 011 320	(26 915)
Other Receivables	1 149 647	430 262	719 385
Other Debtors	39 084	-	39 084
Control, Clearing and Interface Accounts	32 480	-	32 480
Deposits for Land	1 960 797	-	1 960 797
<b>Total Receivables from Exchange Transactions</b>	<b>8 571 821</b>	<b>3 856 886</b>	<b>4 714 935</b>

The prior year amount for Receivables from Exchange Transactions has been adjusted. Refer to Note 44.3 on "Correction of Error" for details of the restatement.

	2021 R	2020 R
<b>3.1 Allocation for Cash Flow</b>		
<b>Service Charges:-</b>		
Service Debtors - Opening Balance	1 963 189	1 396 646
Service Debtors - Closing Balance	(1 367 399)	(1 063 189)
Service Debtors: Provision for Impairment - Opening Balance	3 426 624	2 756 920
Service Debtors: Provision for Impairment - Closing Balance	(3 389 669)	(3 426 624)
Other Receivables - Opening Balance	758 469	613 375
Other Receivables - Closing Balance	(1 187 053)	(758 469)
Other Receivables: Provision for Impairment - Opening Balance	430 262	337 847
Other Receivables: Provision for Impairment - Closing Balance	(417 471)	(430 262)
<b>Total Receivables from Exchange Transactions allocated to Service Charges</b>	<b>216 952</b>	<b>(1 473 756)</b>
<b>Other Receipts:-</b>		
Receivables from Exchange Transactions: Gross - Opening Balance	8 571 821	7 685 400
Receivables from Exchange Transactions: Gross - Closing Balance	(8 488 659)	(8 571 821)
Less Cash Flow for:-		
Service Charges	(216 952)	1 473 756
Suppliers Paid	126 037	52 230
<b>Total Receivables from Exchange Transactions allocated to Other Receipts</b>	<b>(7 753)</b>	<b>639 566</b>
<b>Suppliers Paid:-</b>		
Prepayments and Advances - Opening Balance	(0)	29 710
Prepayments and Advances - Closing Balance	-	0
Prepayments and Advances - Opening Balance	1 960 797	1 878 857
Prepayments and Advances - Closing Balance	(2 086 834)	(1 960 797)
<b>Total Receivables from Exchange Transactions allocated to Suppliers Paid</b>	<b>(126 037)</b>	<b>(52 230)</b>
<b>Total Receivables from Exchange Transactions allocated to Cash Flow</b>	<b>83 162</b>	<b>(886 421)</b>

Receivables from Exchange Transactions are billed monthly at the beginning of the month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate of 10%, determined by council, on the outstanding balance.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2021, the municipality is owed R696 774 (30 June 2020: R1 169 851) by National and Provincial Government.



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**3.2 Ageing of Receivables from Exchange Transactions**

As at 30 June 2021

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Electricity:</b>					
Gross Balances	551 341	68 124	31 665	780 744	1 431 874
Less: Provision for Impairment	90 872	21 327	13 049	583 630	708 878
<b>Net Balances</b>	<b>460 469</b>	<b>46 797</b>	<b>18 616</b>	<b>197 114</b>	<b>722 996</b>
<b>Refuse:</b>					
Gross Balances	21 593	34 509	22 783	555 767	634 652
Less: Provision for Impairment	33 453	17 761	15 410	470 038	536 662
<b>Net Balances</b>	<b>(11 860)</b>	<b>16 748</b>	<b>7 373</b>	<b>85 729</b>	<b>97 990</b>
<b>Sewerage:</b>					
Gross Balances	(425 953)	38 933	30 011	1 021 623	664 615
Less: Provision for Impairment	40 947	25 109	22 638	997 357	1 086 051
<b>Net Balances</b>	<b>(466 900)</b>	<b>13 825</b>	<b>7 374</b>	<b>24 266</b>	<b>(421 435)</b>
<b>Merchandising, Jobbing and Contracts:</b>					
Gross Balances	9 690	-	-	-	9 690
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>9 690</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 690</b>
<b>Other Service Charges:</b>					
Gross Balances	175 950	12 807	15 451	1 022 978	1 227 186
Less: Provision for Impairment	18 672	7 008	7 001	49 004	81 685
<b>Net Balances</b>	<b>157 277</b>	<b>5 799</b>	<b>8 450</b>	<b>973 974</b>	<b>1 145 501</b>
<b>Water:</b>					
Gross Balances	(258 616)	42 861	34 424	970 381	789 050
Less: Provision for Impairment	43 710	26 771	27 211	878 693	976 393
<b>Net Balances</b>	<b>(302 334)</b>	<b>16 090</b>	<b>7 213</b>	<b>91 688</b>	<b>(187 342)</b>
<b>Other Receivables:</b>					
Gross Balances	541 298	671	172	79 807	621 948
Less: Provision for Impairment	2 471	424	171	414 404	417 471
<b>Net Balances</b>	<b>538 827</b>	<b>246</b>	<b>1</b>	<b>(334 598)</b>	<b>204 476</b>
<b>Other Debtors:</b>					
Gross Balances	982 577	-	-	-	982 577
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>982 577</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>982 577</b>
<b>Control, Clearing and Interface Accounts:</b>					
Gross Balances	40 233	-	-	-	40 233
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>40 233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40 233</b>
<b>Deposits for Land</b>					
Gross Balances	2 086 834	-	-	-	2 086 834
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>2 086 834</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 086 834</b>



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As at 30 June Receivables of R1 136 705 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	3 724 947	197 905	134 507	4 431 300	8 488 659
Less: Provision for Impairment	230 132	98 401	85 479	3 393 127	3 807 140
<b>Net Balances</b>	<b>3 494 815</b>	<b>99 504</b>	<b>49 027</b>	<b>1 038 173</b>	<b>4 681 520</b>
<b>As at 30 June 2020</b>					
	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Electricity:</b>					
Gross Balances	587 738	127 533	122 107	743 997	1 581 376
Less: Provision for Impairment	89 890	31 790	27 788	500 100	649 578
<b>Net Balances</b>	<b>497 848</b>	<b>95 743</b>	<b>94 309</b>	<b>243 897</b>	<b>931 797</b>
<b>Refuse:</b>					
Gross Balances	144 899	51 658	37 653	547 224	781 134
Less: Provision for Impairment	43 768	25 984	23 037	456 480	549 269
<b>Net Balances</b>	<b>100 831</b>	<b>25 674</b>	<b>14 616</b>	<b>90 743</b>	<b>231 865</b>
<b>Sewerage:</b>					
Gross Balances	(236 760)	61 305	167 321	894 010	886 476
Less: Provision for Impairment	54 307	34 779	32 088	995 298	1 116 472
<b>Net Balances</b>	<b>(291 067)</b>	<b>26 526</b>	<b>135 233</b>	<b>(100 688)</b>	<b>(229 986)</b>
<b>Merchandising, Jobbing and Contracts:</b>					
Gross Balances	9 962	-	-	-	9 962
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>9 962</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 962</b>
<b>Other Service Charges:</b>					
Gross Balances	2 308	41 258	38 604	1 084 291	1 146 460
Less: Provision for Impairment	18 117	11 728	9 829	60 310	99 985
<b>Net Balances</b>	<b>(15 809)</b>	<b>29 530</b>	<b>28 775</b>	<b>1 003 981</b>	<b>1 046 476</b>
<b>Water:</b>					
Gross Balances	(66 024)	63 649	49 775	937 006	984 406
Less: Provision for Impairment	61 805	41 510	35 931	872 074	1 011 320
<b>Net Balances</b>	<b>(127 829)</b>	<b>22 139</b>	<b>13 844</b>	<b>64 932</b>	<b>(26 915)</b>
<b>Other Receivables:</b>					
Gross Balances	1 036 545	1	1	113 100	1 149 647
Less: Provision for Impairment	3 752	1	1	426 507	430 262
<b>Net Balances</b>	<b>1 032 792</b>	<b>0</b>	<b>0</b>	<b>(313 407)</b>	<b>719 385</b>
<b>Other Debtors:</b>					
Gross Balances	39 084	-	-	-	39 084
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>39 084</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39 084</b>



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**Control, Clearing and Interface Accounts:**

Gross Balances	32 480	-	-	-	32 480
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>32 480</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32 480</b>

**Deposits for Land**

Gross Balances	1 960 797	-	-	-	1 960 797
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>1 960 797</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 960 797</b>

As at 30 June Receivables of R1 475 846 were past due but not impaired. The age analysis of these Receivables are as follows:

Current 0 - 30 days	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	

**All Receivables:**

Gross Balances	3 510 728	345 404	415 461	4 300 227	8 571 821
Less: Provision for Impairment	271 639	145 792	128 685	3 310 770	3 856 886
<b>Net Balances</b>	<b>3 239 089</b>	<b>199 612</b>	<b>286 777</b>	<b>989 457</b>	<b>4 714 935</b>

**3.3 Summary of Receivables from Exchange Transactions by Customer Classification**

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
<b>As at 30 June 2021</b>				
<u>Current:</u>				
0 - 30 days	2 900 765	755 576	55 559	13 047
<u>Past Due:</u>				
31 - 60 Days	124 400	28 577	42 243	2 686
61 - 90 Days	89 883	31 344	13 279	0
+ 90 Days	3 220 965	675 181	585 694	(50 540)
Sub-total	6 336 014	1 490 678	696 774	(34 807)
Less: Provision for impairment	3 576 487	216 464	-	14 190
<b>Total Trade Receivables by Customer Classification</b>	<b>2 759 527</b>	<b>1 274 215</b>	<b>696 774</b>	<b>(48 998)</b>

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
<b>As at 30 June 2020</b>				
<u>Current:</u>				
0 - 30 days	2 652 572	655 431	141 278	61 447
<u>Past Due:</u>				
31 - 60 Days	164 864	103 395	71 096	6 049
61 - 90 Days	145 890	49 540	98 893	121 039
+ 90 Days	3 055 707	595 710	858 483	(209 674)
Sub-total	6 019 034	1 404 075	1 169 851	(21 139)
Less: Provision for Impairment	3 398 491	408 301	-	50 094
<b>Total Trade Receivables by Customer Classification</b>	<b>2 620 542</b>	<b>995 775</b>	<b>1 169 851</b>	<b>(71 233)</b>





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	2021 R	2020 R
<b>3.4 Reconciliation of the Provision for Impairment</b>		
Balance at beginning of year	3 856 886	3 037 691
Impairment Losses recognised	(49 746)	819 195
<b>Balance at end of year</b>	<b>3 807 140</b>	<b>3 856 886</b>

**3.4.1 Allocation for Cash Flow**

Provision for Impairment at Beginning of Year	3 856 886	3 037 691
Movement in Non-cash Transactions:- Impairment Recognised	(49 746)	819 195
Total Receivables from Exchange Transactions impairment allocated to Non-cash Transactions	(49 746)	819 195
<b>Provision for Impairment at End of Year</b>	<b>3 807 140</b>	<b>3 856 886</b>

Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable.

**4. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2021</b>			
VAT Receivable	5 362 853	-	5 362 853
<b>Total Statutory Receivables from Exchange Transactions</b>	<b>5 362 853</b>	<b>-</b>	<b>5 362 853</b>
<b>As at 30 June 2020</b>			
VAT Receivable	4 605 655	-	4 605 655
<b>Total Statutory Receivables from Exchange Transactions</b>	<b>4 605 655</b>	<b>-</b>	<b>4 605 655</b>

VAT is payable on the receipts basis. The municipality however uses accrual accounting, and only once payment is received from debtors, VAT is paid over to SARS.

Furthermore, VAT is claimable on the payment basis.

VAT Receivable is not impaired nor is it discounted as the amount is expected to be receivable within 60 days.

**5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2021</b>			
Accrued Income	-	-	-
<b>Total Receivables from Non-exchange Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>



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	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2020			
Accrued Income	21 340	-	21 340
<b>Total Receivables from Non-exchange Transactions</b>	<b><u>21 340</u></b>	<b><u>-</u></b>	<b><u>21 340</u></b>

	2021 R	2020 R
<b>5.1 Allocation for Cash Flow</b>		
<b>Other Receipts:-</b>		
Receivables from Non-exchange Transactions - Opening Balance	21 340	-
Receivables from Non-exchange Transactions - Closing Balance	-	(21 340)
<b>Total Receivables from Non-exchange Transactions allocated to Other Receipts</b>	<b><u>21 340</u></b>	<b><u>(21 340)</u></b>
<b>Total Receivables from Non-exchange Transactions allocated to Cash Flow</b>	<b><u>21 340</u></b>	<b><u>(21 340)</u></b>

**6. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2021			
Property Rates	3 239 381	2 677 927	561 454
Fines	109 261 024	102 264 125	6 996 898
<b>Total Statutory Receivables from Non-Exchange Transactions</b>	<b><u>112 500 404</u></b>	<b><u>104 942 052</u></b>	<b><u>7 558 352</u></b>

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2020			
Property Rates	2 790 267	2 442 860	347 408
Fines	91 380 307	85 456 739	5 923 567
<b>Total Statutory Receivables from Non-Exchange Transactions</b>	<b><u>94 170 574</u></b>	<b><u>87 899 599</u></b>	<b><u>6 270 975</u></b>

The prior year amount for Statutory Receivables from Exchange Transactions has been adjusted. Refer to Note 44.3 on "Correction of Error" for details of the restatement.

	2021 R	2020 R
<b>6.1 Allocation for Cash Flow</b>		
<b>Property Rates:-</b>		
Property Rates Debtors - Opening Balance	347 408	82 356
Property Rates Debtors - Closing Balance	(561 454)	(347 408)
Property Rates Debtors: Provision for Impairment - Opening Balance	2 442 860	1 927 522
Property Rates Debtors: Provision for Impairment - Closing Balance	(2 677 927)	(2 442 860)
<b>Total Statutory Receivables from Non-exchange Transactions allocated to Property Rates</b>	<b><u>(449 113)</u></b>	<b><u>(780 390)</u></b>
<b>Other Receipts:</b>		
Fines Debtors - Opening Balance	5 923 567	4 960 604
Fines Debtors - Closing Balance	(6 996 898)	(5 923 567)
Fines Debtors: Provision for Impairment - Opening Balance	85 456 739	60 529 997
Fines Debtors: Provision for Impairment - Closing Balance	(102 264 125)	(85 456 739)
<b>Total Statutory Receivables from Non-Exchange Transactions allocated to Other Receipts</b>	<b><u>(17 880 717)</u></b>	<b><u>(25 889 615)</u></b>
<b>Total Statutory Receivables from Non-Exchange Transactions allocated to Cash Flow</b>	<b><u>(18 329 830)</u></b>	<b><u>(26 670 005)</u></b>



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**Property Rates** is a tax levied by a municipality to a property owner used to fund services delivered. Property Rates are calculated by multiplying the market value of the property with a rate determined by the Municipal Council. The levying of this revenue stream is governed by the Municipal Property Rates Act 6 of 2004.

**Traffic Fines** arise from fines issued by the municipality's traffic officials. These fines are issued according to the National Road Traffic Act 93 of 1996. The fines issued are divided into Radar Fines and Section 56 Fines.

Radar fines are speed control fines issued when a motorist is caught speeding on a radar camera device. The device takes a picture of the vehicle and takes a speed reading. The speeding fine is then delivered to the registered owner of the vehicle by post.

The Section 56 Fine is imposed when a motorist is stopped by the traffic officer and his or her identity therefore is known and a Traffic Offence occurred.

**6.2 Ageing of Statutory Receivables from Non-Exchange Transactions**

As at 30 June 2021

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Property Rates:</b>					
Gross Balances	160 251	37 331	52 633	2 989 165	3 239 381
Less: Provision for Impairment	19 476	25 758	37 536	2 595 156	2 677 927
<b>Net Balances</b>	<b>140 775</b>	<b>11 573</b>	<b>15 098</b>	<b>394 008</b>	<b>561 454</b>
<b>Fines:</b>					
Gross Balances	109 261 024	-	-	-	109 261 024
Less: Provision for Impairment	102 264 125	-	-	-	102 264 125
<b>Net Balances</b>	<b>6 996 898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 996 898</b>

As at 30 June Receivables of R420 679 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	109 421 275	37 331	52 633	2 989 165	112 500 404
Less: Provision for Impairment	102 283 601	25 758	37 536	2 595 156	104 942 052
<b>Net Balances</b>	<b>7 137 674</b>	<b>11 573</b>	<b>15 098</b>	<b>394 008</b>	<b>7 558 352</b>

As at 30 June 2020

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Property Rates:</b>					
Gross Balances	153 786	54 317	37 075	2 545 090	2 790 267
Less: Provision for Impairment	766	18 318	16 977	2 406 799	2 442 860
<b>Net Balances</b>	<b>153 020</b>	<b>35 999</b>	<b>20 097</b>	<b>138 291</b>	<b>347 408</b>
<b>Fines:</b>					
Gross Balances	91 380 307	-	-	-	91 380 307
Less: Provision for Impairment	85 456 739	-	-	-	85 456 739
<b>Net Balances</b>	<b>5 923 567</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 923 567</b>

As at 30 June Receivables of R 194 388 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>					
Gross Balances	91 534 092	54 317	37 075	2 545 090	94 170 574
Less: Provision for Impairment	85 457 505	18 318	16 077	2 406 799	87 899 599
<b>Net Balances</b>	<b>6 076 587</b>	<b>35 999</b>	<b>20 097</b>	<b>138 291</b>	<b>6 270 975</b>



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**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**6.3 Summary of Assessment Rates Debtors by Customer Classification**

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
<b>As at 30 June 2021</b>				
<b>Current:</b>				
0 - 30 days	155 691	1 004	3 553	4
<b>Past Due:</b>				
31 - 60 Days	29 554	3 277	4 088	412
61 - 90 Days	31 092	10 864	10 574	3
+ 90 Days	2 495 852	79 394	413 654	265
Sub-total	2 712 189	94 538	431 969	685
Less: Provision for Impairment	2 564 552	113 140	-	235
<b>Total Rates Debtors by Customer Classification</b>	<b>147 636</b>	<b>(18 601)</b>	<b>431 969</b>	<b>450</b>

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
<b>As at 30 June 2020</b>				
<b>Current:</b>				
0 - 30 days	153 786	-	-	-
<b>Past Due:</b>				
31 - 60 Days	34 326	13 204	6 777	9
61 - 90 Days	19 486	10 803	6 777	9
+ 90 Days	2 202 522	142 404	181 334	18 829
Sub-total	2 410 120	166 411	194 888	18 845
Less: Provision for Impairment	2 290 380	134 677	-	17 803
<b>Total Rates Debtors by Customer Classification</b>	<b>119 740</b>	<b>31 734</b>	<b>194 888</b>	<b>1 045</b>

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

**6.4 Reconciliation of Provision for Impairment**

Balance at Beginning of year	87 899 599	62 457 519
Impairment Losses Recognised	235 067	515 338
Amounts Written-off as uncollectable	16 807 386	24 926 742
<b>Balance at end of year</b>	<b>104 942 052</b>	<b>87 899 599</b>

**6.4.1 Allocation for Cash Flow**

Provision for Impairment at Beginning of Year	87 899 599	62 457 519
<b>Movement in Non-cash Transactions:-</b>		
Impairment Recognised	235 067	515 338
Total Receivables from Non-exchange Transactions Impairment allocated to Non-cash Transactions	235 067	515 338
<b>Movement in Other Receipts:-</b>		
Amounts Written-off	16 807 386	24 926 742
Total Receivables from Non-exchange Transactions Impairment allocated to Other Receipts	16 807 386	24 926 742
<b>Provision for Impairment at End of Year</b>	<b>104 942 052</b>	<b>87 899 599</b>

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

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



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
<b>7. CASH AND CASH EQUIVALENTS</b>		
Current Investments	1 775 039	1 699 958
Bank Accounts	7 838 744	10 466 749
Cash on Hand	2 900	2 850
<b>Total Bank, Cash and Cash Equivalents</b>	<b>9 616 683</b>	<b>12 169 557</b>

The prior year amount for Cash and Cash Equivalents has been adjusted. Refer to Note 44.3 on "Correction of Error" for details of the restatement.

**7.1 Allocation for Cash Flow:**

**Increase / (Decrease) in Cash Equivalents:-**

Cash and Cash Equivalents - Opening Balance	12 169 557	6 536 406
Cash and Cash Equivalents - Closing Balance	(9 616 683)	(12 169 557)

Total Cash and Cash Equivalents allocated to Increase / (Decrease) in Cash Equivalents	<b>2 552 874</b>	<b>(5 633 151)</b>
--	------------------	--------------------

Total Cash and Cash Equivalents allocated to Cash Flow	<b>2 552 874</b>	<b>(5 633 151)</b>
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For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

**7.2 Current Investment Deposits**

Call Deposits	1 775 039	1 699 958
<b>Total Current Investment Deposits</b>	<b>1 775 039</b>	<b>1 699 958</b>

The Municipality has the following investment accounts:

	Bank Statement Balances		Cash Book Balances	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
ABSA Bank - Account Number 50 6431 4329 (Call Deposit)	436 271	425 410	436 271	185 761
Standard Bank - Account Number 2887048000 (Money Market)	1 338 768	1 295 887	1 338 768	1 514 196
	<b>1 775 039</b>	<b>1 721 298</b>	<b>1 775 039</b>	<b>1 699 958</b>

**7.3 Bank Accounts**

Cash in Bank	7 838 744	10 466 749
<b>Total Bank Accounts</b>	<b>7 838 744</b>	<b>10 466 749</b>

**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	2021 R	2020 R
The Municipality has the following operational bank accounts:		
<b>Primary Bank Account</b>		
Cash book balance at beginning of year	10 466 749	4 926 479
Cash book balance at end of year	<u>7 838 744</u>	<u>10 466 749</u>
ABSA Bank - Laingsburg Branch - Cheque Account Number: 25040140874		
Bank statement balance at beginning of year	7 654 877	3 979 589
Bank statement balance at end of year	<u>6 016 949</u>	<u>7 654 877</u>
Standard Bank - Laingsburg Branch - Cheque Account Number: 203247663		
Bank statement balance at beginning of year	2 775 842	1 001 779
Bank statement balance at end of year	<u>1 668 133</u>	<u>2 775 842</u>
ABSA Bank - Laingsburg Branch - Cheque Account Number: 4074336029		
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>-</u>	<u>-</u>
Standard Bank - Ceres Branch - Cheque Account Number: 203247671		
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>-</u>	<u>-</u>
The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.		
<b>7.4 Cash and Cash Equivalents</b>		
Cash Floats and Advances	2 900	2 850
<b>Total Cash on hand in Cash Floats, Advances and Equivalents</b>	<u><b>2 900</b></u>	<u><b>2 850</b></u>



LAINGSBURG MUNICIPALITY

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

8. PROPERTY, PLANT AND EQUIPMENT

30 June 2021

Description	Land		Buildings		Infra-structure		Community		Other		Transport Assets		Total	
	R		R				R		R		R		R	
Reconciliation of Carrying Value														
Carrying values at 01 July 2020	17 787 141		2 586 789		128 629 682		9 174 726		2 220 850		2 935 227		163 334 415	
Cost	17 787 141		10 218 821		235 928 417		21 622 857		5 573 172		5 608 586		296 738 995	
- Completed Assets			10 089 021		219 752 251		21 560 905		5 573 172		5 608 586		280 361 077	
- Under Construction			129 800		16 176 166		71 952		-		-		16 377 918	
Accumulated Impairment Losses			-		-		-		(4 703)		(25 591)		(30 294)	
Accumulated Depreciation			(7 632 033)		(107 298 735)		(12 448 131)		(3 347 619)		(2 647 768)		(133 374 286)	
Acquisition of Assets														
- Cost			947 641		18 811 721		2 334 131		226 889		-		22 320 383	
- Capital Under Construction			(129 800)		(1 041 630)		(71 952)		-		-		(1 243 382)	
Depreciation			(60 996)		(5 213 245)		(362 281)		(274 801)		(296 855)		(6 208 177)	
Carrying value of Disposals:														
- Cost			-		-		-		(234 245)		(28 895)		(263 140)	
- Accumulated Impairment Losses			-		-		-		(489 843)		(52 559)		(542 402)	
- Accumulated Depreciation			-		-		-		2 306		-		2 306	
Impairment Losses			(334 722)		(201 601)		(155 654)		253 292		23 664		275 955	
									(47 624)		-		(739 600)	
Carrying values at 30 June 2021	17 787 141		3 008 912		140 984 928		10 918 971		1 891 069		2 609 478		177 200 499	
Cost	17 787 141		11 036 663		253 698 508		23 885 037		5 310 217		5 556 028		317 273 594	
- Completed Assets			11 036 663		238 563 973		23 885 037		5 310 217		5 556 028		302 139 058	
- Under Construction			-		15 134 536		-		-		-		15 134 536	
Accumulated Impairment Losses			(334 722)		(201 601)		(155 654)		(50 021)		(25 591)		(767 588)	
Accumulated Depreciation			(7 693 028)		(112 511 980)		(12 810 412)		(3 369 128)		(2 920 960)		(139 305 508)	

**LAINGSBURG MUNICIPALITY**

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

**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2020

**Reconciliation of Carrying Value**

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Total
	R	R		R	R	R	R
Carrying values at 01 July 2019	17 787 141	2 518 027	126 674 761	9 459 202	2 384 533	2 921 239	161 744 903
Cost	17 787 141	10 089 021	229 825 915	21 550 905	5 468 472	5 311 552	290 033 007
- Completed Assets	17 787 141	10 089 021	202 139 186	21 550 905	5 468 472	5 311 552	262 346 277
- Under Construction	-	-	27 686 730	-	-	-	27 686 730
Accumulated Impairment Losses	-	-	(171 105)	-	(4 703)	(25 591)	(201 399)
Accumulated Depreciation	-	(7 570 994)	(102 980 049)	(12 091 704)	(3 079 236)	(2 364 722)	(128 086 705)
Acquisition of Assets	-	-	-	-	-	-	-
- Cost	-	-	18 254 649	-	104 700	297 035	18 656 383
- Capital Under Construction	-	129 800	(11 510 564)	71 952	-	-	(11 308 812)
Depreciation	-	(61 038)	(4 781 085)	(356 427)	(288 383)	(283 046)	(5 749 980)
Carrying value of Disposals:	-	-	(8 079)	-	-	-	(8 079)
- Cost	-	-	(641 583)	-	-	-	(641 583)
- Accumulated Depreciation	-	-	462 399	-	-	-	462 399
Impairment Losses	-	-	-	-	-	-	-
Carrying values at 30 June 2020	17 787 141	2 586 789	128 629 682	9 174 726	2 220 850	2 935 227	163 334 415
Cost	17 787 141	10 218 821	235 928 417	21 622 857	5 573 172	5 608 586	296 738 995
- Completed Assets	17 787 141	10 089 021	219 752 251	21 550 905	5 573 172	5 608 586	260 361 077
- Under Construction	-	129 800	16 176 166	71 952	-	-	16 377 918
Accumulated Impairment Losses	-	-	-	-	(4 703)	(25 591)	(30 294)
Accumulated Depreciation	-	(7 632 033)	(107 298 735)	(12 448 131)	(3 347 619)	(2 647 768)	(133 374 286)

The prior year amount for Property, Plant and Equipment has been adjusted. Refer to Note 43.4 on "Correction of Error" for details of the restatement.





**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	2021 R	2020 R
<b>8. PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
<b>8.1 Allocation for Cash Flow</b>		
<b>Property, Plant and Equipment at Beginning of Year</b>	<b>163 334 415</b>	<b>161 744 903</b>
Property, Plant and Equipment	146 956 498	134 058 173
Construction Work-in-Progress	16 377 918	27 686 730
<b>Movement in Non-cash Transactions:-</b>		
Depreciation for the Year	(6 208 177)	(5 749 980)
Impairment for the Year	(739 600)	-
Donated Assets	115 851	-
<b>Total Property, Plant and Equipment allocated to Non-cash Transactions</b>	<b>(6 831 926)</b>	<b>(5 749 980)</b>
<b>Purchase of Property, Plant and Equipment:-</b>		
Acquisition of Property, Plant and Equipment	22 320 383	18 656 383
Acquisitions	22 320 383	18 656 383
Acquisition of Construction Work-in-Progress	(1 243 382)	(11 308 812)
Less: Donated Assets	(115 851)	-
<b>Total Property, Plant and Equipment allocated to Purchase of Property, Plant and Equipment</b>	<b>20 961 150</b>	<b>7 347 571</b>
<b>Disposal of Property, Plant and Equipment:-</b>		
Carrying Value of Disposals	(263 140)	(8 079)
<b>Total Property, Plant and Equipment allocated to Proceeds on Disposal of Property, Plant and Equipment</b>	<b>(263 140)</b>	<b>(8 079)</b>
<b>Property, Plant and Equipment at End of Year</b>	<b>177 200 499</b>	<b>163 334 415</b>
<b>Proceeds on Disposal of Property, Plant and Equipment:-</b>		
Disposals as per Reconciliation of Property, Plant and Equipment Note 8.1	263 140	8 079
Gains / Losses on Disposal of Property, Plant and Equipment No	(263 140)	(8 079)
<b>Total Proceeds on Disposal of Property, Plant and Equipment allocated to Cash Flow</b>	<b>-</b>	<b>-</b>
<b>8.2 Impairment of Property, Plant and Equipment</b>		
Impairment Losses on Property, Plant and Equipment to the amount of R739 600 (2020: R0) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 32.		
Buildings	334 722	-
Community Assets	155 654	-
Infrastructure	201 601	-
Other Assets	47 624	-
<b>Total Impairment of Property, Plant and Equipment</b>	<b>739 600</b>	<b>-</b>
<b>8.3 Work-in-Progress</b>		
The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:		
Buildings	-	129 800
Community Assets	-	71 952
Infrastructure	15 134 536	15 175 166
<b>Total Carrying Amounts of Work-in-Progress</b>	<b>15 134 536</b>	<b>16 377 918</b>

**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	2021 R	2020 R
<b>8.4 Delayed Projects</b>		
<b>Project Details</b>	<b>Delayed or Halted</b>	
Infrastructure Asset		
High Mast Lights	88 900	88 900
Reason: The project was delayed due to legal constraints and turnover of senior key personnel		
Infrastructure Asset		
Bergsig Reservoir	40 292	40 292
Reason: The project was delayed due to legal constraints and turnover of senior key personnel		
Infrastructure Asset		
Construction of Golderville pipelines	-	61 218
Reason: The project was delayed due to legal constraints and turnover of senior key personnel		
Infrastructure Asset		
Upgrading Water Supply Goldnerville	-	1 041 450
Reason: The project was delayed due to legal constraints and turnover of senior key personnel		
<b>Total Carrying Amounts of Delayed or Halted Projects</b>	<b>129 192</b>	<b>1 231 860</b>

**8.5 Expenditure incurred for Repairs and Maintenance**

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

Electrical Infrastructure	368 008	374 782
- Contracted Services	368 008	374 782
Sanitation Infrastructure	(7 024)	39 446
- Contracted Services	(7 024)	39 446
Water Supply Infrastructure	-	275
- Contracted Services	-	275
Community Assets	(1 941)	-
- Contracted Services	(1 941)	-
Furniture and Office Equipment	5 727	1 180
- Contracted Services	5 727	1 180
Machinery and Equipment	298 742	100 930
- Contracted Services	298 742	100 930
Other Assets - Buildings	(1 172)	87 064
- Contracted Services	(1 172)	87 064
Transport Assets	669 807	432 874
- Contracted Services	669 807	432 874
<b>Total Expenditure related to Repairs and Maintenance Projects</b>	<b>1 332 148</b>	<b>1 036 551</b>



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	2021 R	2020 R
<b>9. INTANGIBLE ASSETS</b>		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>202 425</u>	<u>286 249</u>
The movement in Intangible Assets is reconciled as follows:		
<b>Software Purchased:</b>		
Carrying values at 01 July	286 249	370 105
Cost	1 697 511	1 697 511
Accumulated Amortisation	(1 411 261)	(1 327 406)
Acquisitions:		
Purchased	-	-
Amortisation:		
Purchased	(83 825)	(83 855)
Carrying values at 30 June	202 425	286 249
Cost	1 697 511	1 697 511
Accumulated Amortisation	(1 495 086)	(1 411 261)
<b>9.1 Allocation for Cash Flow</b>		
Intangible Assets at Beginning of Year	286 249	370 105
Movement in Non-cash Transactions:-		
Amortisation for the Year	(83 825)	(83 855)
Impairment for the Year	-	-
Total Intangible Assets allocated to Non-cash Transactions	<u>(83 825)</u>	<u>(83 855)</u>
Purchase of Intangible Assets:-		
Acquisition of Intangible Assets	-	-
Total Intangible Assets allocated to Purchase of Intangible Assets	<u>-</u>	<u>-</u>
Intangible Assets at End of Year	<u>202 425</u>	<u>286 249</u>

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31.).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

**9.2 Significant Intangible Assets**

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

**9.3 Intangible Assets with Indefinite Useful Lives**

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

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



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

	2021 R	2020 R
<b>10. INVESTMENT PROPERTY</b>		
At Cost less Accumulated Depreciation	<u>23 480 362</u>	<u>23 544 495</u>
The movement in investment Property is reconciled as follows:		
<b>Carrying values at 1 July</b>	<b>23 544 495</b>	<b>23 608 672</b>
Cost	25 114 496	25 114 496
Accumulated Depreciation	(1 570 002)	(1 505 826)
Accumulated Impairment Losses	-	-
<b>Acquisitions during the Year</b>	<b>-</b>	<b>-</b>
Cost	-	-
<b>Depreciation during the Year</b>	<b>(64 133)</b>	<b>(64 177)</b>
<b>Carrying values at 30 June</b>	<b>23 480 362</b>	<b>23 544 495</b>
Cost	25 114 496	25 114 496
Accumulated Depreciation	(1 634 135)	(1 570 002)
<b>10.1 Allocation for Cash Flow</b>		
<b>Investment Property at Beginning of Year</b>	<b>23 544 495</b>	<b>23 608 672</b>
<b>Movement in Non-cash Transactions:-</b>		
Depreciation for the Year	(64 133)	(64 177)
Impairment for the Year	-	-
<b>Total Investment Property allocated to Non-cash Transactions</b>	<u>(64 133)</u>	<u>(64 177)</u>
<b>Purchase of Investment Property:-</b>		
Acquisition of Investment Property	-	-
<b>Total Investment Property allocated to Purchase of Investment Property</b>	<u>-</u>	<u>-</u>
<b>Investment Property at End of Year</b>	<u>23 480 362</u>	<u>23 544 495</u>
<b>Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:</b>		
Rental Revenue earned from Investment Property	1 479 934	1 397 622
Direct Operating Expenses - incurred to generate rental revenue	229 022	22 255

**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**11. HERITAGE ASSETS**

30 June 2021

**Reconciliation of Carrying Value**

	R	R	R	R	R	R
Carrying values at 01 July 2020	43 354	-	-	-	-	43 354
Cost	43 354	-	-	-	-	43 354
Acquisitions	-	-	-	-	-	-
Carrying values at 30 June 2021	43 354	-	-	-	-	43 354
Cost	43 354	-	-	-	-	43 354

30 June 2020

**Reconciliation of Carrying Value**

	R	R	R	R	R	R
Carrying values at 01 July 2019	43 354	-	-	-	-	43 354
Cost	43 354	-	-	-	-	43 354
Acquisitions	-	-	-	-	-	-
Carrying values at 30 June 2020	43 354	-	-	-	-	43 354
Cost	43 354	-	-	-	-	43 354

2021  
R

2020  
R

**11.1 Allocation for Cash Flow**

*Heritage Assets at Beginning of Year*

43 354

43 354

*Purchase of Heritage Assets:-*

Acquisition of Heritage Assets

-

-

Total Heritage Assets allocated to Purchase of Heritage Assets

-

-

*Heritage Assets at End of Year*

43 354

43 354

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	2021 R	2020 R
<b>12. CONSUMER DEPOSITS</b>		
Electricity	245 881	258 500
Water	424 878	333 351
Other Deposits:-	128 912	116 995
- Hiring of Decorative Items	5 530	5 530
- Posters	3 482	2 482
- Rental Properties	119 900	108 984
<b>Total Consumer Deposits</b>	<b>799 668</b>	<b>708 846</b>
<b>12.1 Allocation for Cash Flow</b>		
<b>Service Charges:-</b>		
Consumer Deposits: Trading Services - Opening Balance	(591 851)	(566 751)
Consumer Deposits: Trading Services - Closing Balance	670 756	591 851
<b>Total Consumer Deposits allocated to Service Charges</b>	<b>78 905</b>	<b>25 100</b>
<b>Other Receipts:-</b>		
Consumer Deposits: Other Services - Opening Balance	(116 995)	(100 893)
Consumer Deposits: Other Services - Closing Balance	126 912	116 995
<b>Total Consumer Deposits allocated to Other Receipts</b>	<b>11 917</b>	<b>16 102</b>
<b>Total Consumer Deposits allocated to Cash Flow</b>	<b>90 822</b>	<b>41 202</b>

**Consumer Deposits - Electricity and Water**

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

**Consumer Deposits - Posters**

Deposits are paid for posters displayed. Deposits are forfeited when posters are not removed.

**Consumer Deposits - Decorative Items**

Deposits are paid for cutlery and crockery. Deposits are not repaid in the case of missing or broken cutlery/crockery.

**Consumer Deposits - Rental Properties**

Deposits are paid for the rental of properties. Deposits will not be repaid in the case of outstanding rent or in the case of property being damaged.

No interest is paid on Consumer Deposits held.

**13. PAYABLES FROM EXCHANGE TRANSACTIONS**

Other Payables	84 491	34 676
Retentions	388 051	681 491
Trade Creditors	11 776 649	7 238 202
Advance Payments	297 009	338 679
<b>Total Payables from Exchange Transactions</b>	<b>12 546 199</b>	<b>8 293 049</b>

The prior year amount for Payables from Exchange Transactions has been adjusted. Refer to Note 44.3 on "Correction of Error" for details of the restatement.

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	2021 R	2020 R
<b>13.1 Allocation for Cash Flow</b>		
<b>Service Charges:-</b>		
Advance Payments	(41 670)	68 111
Total Payables from Exchange Transactions allocated to Service Charges	<u>(41 670)</u>	<u>68 111</u>
<b>Other Receipts:-</b>		
Unallocated Deposits	44 327	-
Total Payables from Exchange Transactions allocated to Other Receipts	<u>44 327</u>	<u>-</u>
<b>Employee Related Costs:-</b>		
Control, Clearing and Interface Accounts: Salary Clearing and Control	5 488	48 416
Total Payables from Exchange Transactions allocated to Employee Related Costs	<u>5 488</u>	<u>48 416</u>
<b>Suppliers Paid:-</b>		
Auditor-General of South Africa	6 385 015	-
Payables and Accruals	(1 846 588)	1 287 574
Retentions	(293 441)	194 609
Total Payables from Exchange Transactions allocated to Suppliers Paid	<u>4 245 006</u>	<u>1 482 184</u>
<b>Total Payables from Exchange Transactions allocated to Cash Flow</b>	<u><b>4 253 151</b></u>	<u><b>1 598 710</b></u>

The average credit period on purchases is 77 (2020: 75) days, as opposed to 30 days from the receipt of the invoice as determined by the MFMA.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with.

The municipality did default on payment of its Creditors. However, no terms for payment have been re-negotiated by the municipality.

**14. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

District Municipalities	-	400 000
National Government	7 502 990	4 734 494
Provincial Government	898 024	6 750 891
<b>Total Unspent Conditional Grants and Receipts</b>	<u><b>8 401 013</b></u>	<u><b>11 885 385</b></u>

**14.1 Allocation for Cash Flow**

<b>Transfers and Subsidies:-</b>		
Unspent Conditional Grants and Receipts - Opening Balance	(11 885 385)	(4 096 361)
Unspent Conditional Grants and Receipts - Closing Balance	8 401 013	11 885 385
Total Unspent Conditional Grants and Receipts allocated to Transfers and Subsidies	<u>(3 484 371)</u>	<u>7 787 024</u>
<b>Total Unspent Conditional Grants and Receipts allocated to Cash Flow</b>	<u><b>(3 484 371)</b></u>	<u><b>7 787 024</b></u>

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 22 for the reconciliation of Grants from Government and other sources. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

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	2021 R	2020 R
<b>15. LEASE PAYABLES</b>		
Current Lease Payables	743	6 225
<b>Total Lease Payables</b>	<b>743</b>	<b>6 225</b>
<b>15.1 Operating Lease Payables</b>		
Balance at beginning of year	-	-
Operating Lease Expenses recorded	(7 939)	-
Operating Lease Payments effected	7 195	-
<b>Total Operating Lease Liabilities</b>	<b>743</b>	<b>-</b>
<b>15.1.1 Allocation for Cash Flow</b>		
<b>Suppliers Paid:-</b>		
Operating Lease Payables - Opening Balance	-	-
Operating Lease Payables - Closing Balance	743	-
<b>Total Operating Lease Payables allocated to Suppliers Paid</b>	<b>743</b>	<b>-</b>
<b>Total Operating Lease Payables allocated to Cash Flow</b>	<b>743</b>	<b>-</b>
<b>15.1.2 Leasing Arrangements</b>		
<b>The Municipality as Lessee:</b>		
Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.		
<b>15.1.3 Amounts Payable under Operating Leases</b>		
At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:		
<b>Other Equipment:</b>	1 066 711	-
Up to 1 year	451 322	-
2 to 5 years	615 390	-
More than 5 years	-	-
<b>Total Operating Lease Arrangements</b>	<b>1 066 711</b>	<b>-</b>
The following payments have been recognised as an expense in the Statement of Financial Performance.		
Minimum lease payments	7 939	-
<b>Total Operating Lease Expenses</b>	<b>7 939</b>	<b>-</b>

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:  
- Office Equipment

The following restrictions have been imposed on the Municipality in terms of the lease agreements on Rental of Office Equipment:

- (i) The equipment shall remain the property of the lessor.
- (ii) The lessee shall not sell, sublet, cede, loan, pledge, transfer or otherwise encumber the equipment.
- (iii) The lessee may not alter or modify the goods
- (iv) The lessor is entitled to cede and/or delegate, without notice to the lessee, all or any of its rights and/or obligations
- (v) The equipment may only be serviced by the lessor or its designated service provider.
- (vi) The equipment shall be returned in good order and condition to the lessor upon termination of the agreement.





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	2021 R	2020 R
<b>15.2 Finance Lease Payables</b>		
Finance Lease Liability	-	6 225
Total Non-current Lease Payables	-	6 225
Less: Current Portion transferred to Current Lease Payables:- Finance Lease Liability	0 <u>0</u>	(6 225) <u>(6 225)</u>
Non-Current Portion of Finance Lease Payables	<u>0</u>	<u>-</u>
<b>16. EMPLOYEE BENEFIT LIABILITIES</b>		
<b>Employee Benefit Liabilities</b>	5 785 000	4 761 000
Post-retirement Health Care Benefits Liability	4 417 000	3 360 000
Long Service Awards Liability	1 368 000	1 401 000
Less: Current Portion of Employee Benefit Liabilities	267 000	407 000
Post-retirement Health Care Benefits Liability	117 000	112 000
Long Service Awards Liability	150 000	295 000
Non-Current Portion of Employee Benefit Liabilities	<u>5 518 000</u>	<u>4 354 000</u>
<b>16.1 Allocation for Cash Flow</b>		
<b>16.1.1 Current Portion</b>		
Liabilities at Beginning of Year	407 000	129 605
Movement in Non-cash Transactions:-		
Defined Benefit Obligations	116 056	23 918
Long Service Awards Liability	160 888	253 477
Total Provisions allocated to Non-cash Transactions	<u>276 944</u>	<u>277 395</u>
Movement in Employee Related Costs:-		
Actual Benefit Payments	(111 056)	-
Reductions (Outflow of Economic Benefits)	(305 888)	-
Total Provisions allocated to Employee Related Costs	<u>(416 944)</u>	<u>-</u>
Liabilities at End of Year	<u>267 000</u>	<u>407 000</u>
<b>16.1.2 Non-current Portion</b>		
Employee Benefit Liabilities at Beginning of Year	4 354 000	4 762 160
Movement in Non-cash Transactions:-		
Long-service Awards	112 000	(76 561)
Post Retirement Health Care	1 052 000	(201 994)
Total Employee Benefit Liabilities allocated to Non-cash Transactions	<u>1 164 000</u>	<u>(278 555)</u>
Movement in Employee Related Costs:-		
Long-service Awards: Reductions (Outflow of Economic Benefits)	-	(41 523)
Post Retirement Health Care: Actual Employer Benefit Payments	-	(88 082)
Total Employee Benefit Liabilities allocated to Employee Related Costs	<u>-</u>	<u>(129 605)</u>
Employee Benefit Liabilities at End of Year	<u>5 518 000</u>	<u>4 354 000</u>



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**16.2 Current Portion of Employee Benefit Liabilities**

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

	Medical Aid R	Pension Fund R	Long-term Service R
<b>30 June 2021</b>			
Opening Balance	112 000	-	295 000
Increases	-	-	89 000
Current service cost	116 058	-	-
Actual employer benefit payments	(111 056)	-	(305 888)
Other Reductions	-	-	71 888
<b>Balance at end of year</b>	<b>117 000</b>	<b>-</b>	<b>150 000</b>

	Medical Aid R	Pension Fund R	Long-term Service R
<b>30 June 2020</b>			
Opening Balance	88 082	-	41 523
Increases	-	-	253 477
Current service cost	23 918	-	-
Actual employer benefit payments	-	-	-
Other Reductions	-	-	-
<b>Balance at end of year</b>	<b>112 000</b>	<b>-</b>	<b>295 000</b>

	2021 R	2020 R
<b>16.3 Post-retirement Health Care Benefits Liability</b>		
Opening Balance	3 360 000	3 626 158
Interest Cost	353 000	342 557
Current Service Cost	131 000	150 868
Actual Employer Benefit Payments	(111 056)	(88 082)
Actuarial Loss/ (Gain) recognised in the year	684 058	(671 501)
<b>Balance at end of Year</b>	<b>4 417 000</b>	<b>3 360 000</b>
Transfer to Current Provisions	117 000	112 000
<b>Total Post-retirement Health Care Benefits Liability</b>	<b>4 300 000</b>	<b>3 248 000</b>

The current year amount for Post-retirement Health Care Benefits has been adjusted. Refer to Note 45.1 on "Change in Accounting Estimates" for details of the changes effected.

The municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.

Eligible employees will receive a post-employment subsidy of 80% of the contribution payable should they be a member of a medical scheme at retirement. Continuation members and their eligible dependants receive a 70% subsidy.



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The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2021 by Mr C. Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	2021 R	2020 R
The members of the Post-employment Health Care Benefit Plan are made up as follows:		
In-service Members (Employees)	28	25
In-service Non-members (Employees)	40	-
Continuation Members (Retirees, widowers and orphans)	2	2
<b>Total Members</b>	<b>70</b>	<b>27</b>

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

In-service Members	2 626 000	1 983 000
In-service Non-members	301 000	-
Continuation Members	1 490 000	1 377 000
<b>Total Liability</b>	<b>4 417 000</b>	<b>3 360 000</b>

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

- Bonitas
- Keyhealth
- LA Health
- Hosmed
- Samwamed

The Current-service Cost for the year ending 30 June 2021 is estimated to be R131 000, whereas the cost for the ensuing year is estimated to be R211 000 (30 June 2020: R150 868 and R131 000 respectively).

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

Discount Rate	10.33%	10.67%
Health Care Cost inflation Rate	6.92%	6.68%
Net Effective Discount Rate	3.19%	3.74%
Expected Retirement Age - Females	59	62
Expected Retirement Age - Males	62	62

**General:**

It is assumed that the municipality's health care arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits receivable and the contributions payable would remain unchanged, with the exception of allowing for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable, and will continue.

**Continuation of Membership:**

It has been assumed that 75% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

**Family Profile:**

It has been assumed that female spouses will be five years younger than their male counterparts. Furthermore, it has been assumed that 60% of eligible employees on a health care arrangement at retirement will have a subsidised spouse dependant. For current retiree members, actual subsidised spouse dependants were used and the potential for remarriage was ignored.

**Discount Rate:**

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 10.33% per annum has been used. The corresponding index-linked yield at this term is 4.13%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2021.



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**Impact of COVID-19:**

It is difficult to estimate what impact the pandemic is likely to have on the municipality's liability at this early stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have. The sensitivities may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected health care cost inflation rate, or an increase in the discount rate, or a reduction in expected longevity.

Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

The possible effects of COVID-19 have not been included in the report's main figures.

	2021 R	2020 R
<b>Movements in the present value of the Defined Benefit Obligation were as follows:</b>		
Opening Balance	3 360 000	3 626 158
Interest Cost	353 000	342 557
Current Service Cost	131 000	150 868
Benefits Paid	(111 056)	(88 082)
Actuarial Losses / (Gains)	684 056	(671 501)
<b>Total Recognised Benefit Liability</b>	<b>4 417 000</b>	<b>3 360 000</b>
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present Value of Fund Obligations	4 417 000	3 360 000
<b>Total Benefit Liability</b>	<b>4 417 000</b>	<b>3 360 000</b>
<b>The amounts recognised in the Statement of Financial Performance are as follows:</b>		
Current service cost	131 000	342 557
Interest cost	353 000	150 868
Actuarial losses / (gains)	684 056	(671 501)
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 29.)</b>	<b>1 168 056</b>	<b>(178 076)</b>

**The history of fair values are as follows:**

	2021 R	2020 R	2019 R	2018 R	2017 R
Present Value of Defined Benefit Obligation	4 417 000	3 360 000	3 626 158	3 409 000	3 509 000
<b>Deficit</b>	<b>4 417 000</b>	<b>3 360 000</b>	<b>3 626 158</b>	<b>3 409 000</b>	<b>3 509 000</b>
Experienced adjustments on Plan Liabilities	61 000	92 000	349 000	(946 000)	406 000
				2021 R	2020 R

**The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:**

<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	65 000	71 175
Effect on the defined benefit obligation	567 000	437 000
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	(62 000)	(70 125)
Effect on the defined benefit obligation	(546 000)	(414 000)

The municipality expects to make a contribution of R661 000 (2020: R484 000) to the Defined Benefit Plans during the next financial year.

Refer to Note 51, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.



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	2021 R	2020 R
<b>16.4 Long Service Awards Liability</b>		
Opening Balance	1 401 000	1 265 607
Increases	201 000	207 871
Payments Made	(305 888)	(41 523)
Other Reductions	71 888	(30 955)
Balance at end of Year	<u>1 368 000</u>	<u>1 401 000</u>
Transfer to Current Provisions	150 000	295 000
<b>Total Long Service Awards Liability</b>	<u><u>1 218 000</u></u>	<u><u>1 106 000</u></u>

The Municipality offers employees Long Service Awards for every five years of service completed, from ten years of service to 45 years of service, inclusive.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2021 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 68 (2020: 68) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2021 is estimated to be R110 000, whereas the cost for the ensuing year is estimated to be R115 000 (30 June 2020: R106 937 and R110 000 respectively).

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

Discount Rate	9.62%	7.28%
Cost Inflation Rate	5.91%	3.92%
Net Effective Discount Rate	3.50%	3.23%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

**General:**

It is assumed that the Municipality's long service arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits would remain unchanged, with the exception of inflationary adjustments.

**Discount Rate:**

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 9.62% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield curve at that duration using an iterative process. The corresponding liability-weighted index-linked yield is 4.01%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2021. The duration of the total liability was estimated to be 10.50 years.

**Impact of COVID-19:**

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have. The sensitivities may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected general earnings inflation rate, or an increase in the discount rate, or an increase in the withdrawal rates.

3Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

The possible effects of COVID-19 have not been included in the report's main figures.



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	2021 R	2020 R
<b>Movements in the present value of the Defined Benefit Obligation were as follows:</b>		
Opening Balance	1 401 000	1 265 607
Interest Cost	91 000	100 934
Current Service Cost	110 000	106 937
Benefits Paid	(305 888)	(41 523)
Actuarial Losses / (Gains)	71 888	(30 965)
<b>Total Recognised Benefit Liability</b>	<b><u>1 368 000</u></b>	<b><u>1 401 000</u></b>
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	1 368 000	1 401 000
<b>Total Benefit Liability</b>	<b><u>1 368 000</u></b>	<b><u>1 401 000</u></b>
<b>The amounts recognised in the Statement of Financial Performance are as follows:</b>		
Current service cost	110 000	106 937
Interest cost	91 000	100 934
Actuarial losses / (gains)	71 888	(30 965)
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 29.)</b>	<b><u>272 888</u></b>	<b><u>176 916</u></b>

The history of experienced adjustments is as follows:

	2021 R	2020 R	2019 R	2018 R	2017 R
Present Value of Defined Benefit Obligation	1 368 000	1 401 000	1 265 607	1 094 000	-
<b>Deficit</b>	<b><u>1 368 000</u></b>	<b><u>1 401 000</u></b>	<b><u>1 265 607</u></b>	<b><u>1 094 000</u></b>	<b><u>-</u></b>
Experienced adjustments on Plan Liabilities	114 888	29 045	35 267	(71 658)	57 879

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows.

**Increase:**

Effect on the aggregate of the current service cost and the interest cost	16 000	17 329
Effect on the defined benefit obligation	95 000	89 000

**Decrease:**

Effect on the aggregate of the current service cost and the interest cost	(14 000)	(15 371)
Effect on the defined benefit obligation	(86 000)	(79 000)

The municipality expects to make a contribution of R245 000 (2020: R201 000) to the defined benefit plans during the next financial year.

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	2021 R	2020 R
<b>17. PROVISIONS</b>		
Current Provisions	2 292 833	1 922 773
Non-current Provisions	28 120 768	21 513 631
<b>Total Provisions</b>	<b>30 413 601</b>	<b>23 436 404</b>
<b>17.1 Current Provisions</b>		
Current Portion of Non-Current Provisions:	2 292 833	1 922 773
Bonus	725 342	573 322
Leave	1 567 491	1 349 451
<b>Total Provisions</b>	<b>2 292 833</b>	<b>1 922 773</b>
<b>17.1.1 Allocation for Cash Flow</b>		
Provisions at Beginning of Year	1 922 773	1 661 140
Movement in Non-cash Transactions:-		
Provisions	378 759	261 633
Total Provisions allocated to Non-cash Transactions	378 759	261 633
Movement in Employee Related Costs:-		
Provisions: Reductions (Outflow of Economic Benefits)	(8 699)	-
Total Provisions allocated to Employee Related Costs	(8 699)	-
Provisions at End of Year	2 292 833	1 922 773

The movement in Current Provisions is reconciled as follows:

Current Portion of Non-Current Provisions:

Staff Benefit Provisions:

	Bonus Provision R	Leave Provision R
<b>30 June 2021</b>		
Opening Balance	573 322	1 349 451
Increases	152 021	226 739
Payments Made	-	(8 699)
<b>Balance at end of year</b>	<b>725 342</b>	<b>1 567 491</b>
<b>30 June 2020</b>		
Opening Balance	564 886	1 096 255
Increases	8 436	253 197
Payments Made	-	-
<b>Balance at end of year</b>	<b>573 322</b>	<b>1 349 451</b>

**Bonus Provision:** Staff bonuses accrued to employees according to the standard contract of employment. Provision is made for the full cost of accrued bonuses at reporting date. This provision will be realised when bonuses are paid during November of the next year.

**Leave Provision:** Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

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	2021 R	2020 R
<b>17.2 Non-current Provisions</b>		
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	26 966 356	20 518 930
Insurance Workmen's Compensation Act	1 154 412	994 701
<b>Total Non-current Provisions</b>	<b><u>28 120 768</u></b>	<b><u>21 513 631</u></b>
<b>17.2.1 Allocation for Cash Flow</b>	<b>3 547 270</b>	<b>2 793 944</b>
<b>Non-current Provisions at Beginning of Year</b>	<b>21 513 631</b>	<b>20 560 430</b>
<b>Movement in Non-cash Transactions:-</b>		
Decommissioning, Restoration and Similar Liabilities	6 607 137	953 201
Increases	6 607 137	2 037 071
Reductions (without Outflow of Economic Benefits)	-	(1 083 870)
Reversals	-	-
<b>Total Non-current Provisions allocated to Non-cash Transactions</b>	<b><u>6 607 137</u></b>	<b><u>953 201</u></b>
<b>Non-current Provisions at End of Year</b>	<b><u>28 120 768</u></b>	<b><u>21 513 631</u></b>

The movement in Non-current Provisions are reconciled as follows:

	Insurance Workmen's Compensation Act R	Decommissioning of Landfill Sites R
<b>30 June 2021</b>		
Opening Balance	994 701	20 518 930
Increases	159 711	-
Fair Value Changes	-	-
Increases (Passage of Time/Discounted Rate)	-	6 447 426
<b>Balance at end of year</b>	<b><u>1 154 412</u></b>	<b><u>26 966 356</u></b>
	Insurance Workmen's Compensation Act R	Decommissioning of Landfill Sites R
<b>30 June 2020</b>		
Opening Balance	819 881	19 740 549
Increases	174 820	38 403
Fair Value Changes	-	(1 083 870)
Increases (Passage of Time/Discounted Rate)	-	1 823 848
<b>Balance at end of year</b>	<b><u>994 701</u></b>	<b><u>20 518 930</u></b>





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**Decommissioning, Restoration and Similar Liabilities: Landfill Sites**

Landfill site decommissioning is estimated by means of a valuation performed by a professional valuator to determine the future cost of dismantling the landfill site. The cost is then reduced to take into account the time value of money at the weighted average investing rate based on Government Bond Yield Rates.

**Insurance Workmen's Compensation Act**

The provision for WCA insurance is made in terms of the Workmen's Compensation Act. The provision is calculated based on the Compensation Commissioner returns submitted and the amount is payable on assessment by the Workmen's Compensation Commissioner.

**17.3 Rehabilitation of Land-fill Sites**

In terms of the licencing of the landfill refuse site, the Municipality will incur licencing and rehabilitation costs of R26 966 356 (2020: R20 518 930) to restore the site at the end of its useful life. Provision has been made for the net present value of the future cost, using the average bond yield interest rate.

As measured in the topographical survey, the available airspace has been exhausted. It was recommended that the Municipality applies for a height extension in order to increase the operational lifetime of the landfill site.

It was assumed that a closure licence will be issued in 2022 and rehabilitation will commence by 2027. The first post-closure year was assumed to be 2028.

		2021 R	2020 R
	<b>Rehabilitation</b>		
Laingsburg Landfill	2028/29	26 966 356	20 518 930
		<u>26 966 356</u>	<u>20 518 930</u>

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	2021 R	2020 R
<b>18. ACCUMULATED SURPLUS</b>		
Accumulated Surplus / (Deficit) due to the results of Operations	170 840 358	166 488 528
<b>Total Accumulated Surplus</b>	<b>170 840 358</b>	<b>166 488 528</b>
The prior year amount for Accumulated Surplus has been adjusted. Refer to Note 42.1 on "Correction of Error" for details of the restatement.		
<b>18.1 Allocation for Cash Flow</b>		
Accumulated Surplus at Beginning of Year	166 488 528	169 504 426
Surplus / (Deficit):-		
Accumulated Surplus As Per Financial Performance	4 351 830	(3 015 898)
<b>Total Accumulated Surplus allocated to Surplus / (Deficit)</b>	<b>4 351 830</b>	<b>(3 015 898)</b>
<b>Accumulated Surplus at End of Year</b>	<b>170 840 358</b>	<b>166 488 528</b>

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

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	2021 R	2020 R
<b>19. PROPERTY RATES</b>		
	Actual Levies	
	July 2021	July 2020
Property Rates Levies	12 805 028	11 993 511
Rates Rebates	(8 351 452)	(7 801 121)
<b>Total Property Rates</b>	<b>4 453 576</b>	<b>4 192 390</b>

The prior year amount for Property Rates has been adjusted. Refer to Note 44.1 on "Correction of Error" for details of the restatement.

**19.1 Allocation for Cash Flow:**

Total Property Rates	4 453 576	4 192 390
<b>Total Property Rates allocated to Cash Flow</b>	<b>4 453 576</b>	<b>4 192 390</b>

**19.2 Calculation of Cash Flow:**

Property Rates Income	Note 19.1	4 453 576	4 192 390
Non-exchange Interest Earned	Note 27.1	51 869	136 066
Cash Flow from Non-exchange Receivables	Note 6.1	(449 113)	(780 390)
<b>Total Receipts for Property Rates</b>		<b>4 056 332</b>	<b>3 548 696</b>

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2018. A request for extension of the valid period for the valuation roll has been submitted to the MEC for local government.

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

An general rate is applied as follows to property valuations to determine property rates:

- Agricultural Properties: 0,2420 c/R (2019/20: 0,2270 c/R)
- Business and Commercial Properties: 0,9690 c/R (2019/20: 0,9060 c/R)
- Public Benefit Organisation Properties: 0,2420 c/R (2019/20: 0,2270 c/R)
- Residential Properties: 0,9690 c/R (2019/20: 0,9060 c/R)
- State Owned Properties: 1,9380 c/R (2019/20: 1,8120 c/R)
- Vacant and Other Properties: 0,9690 c/R (2019/20: 0,9060 c/R)

Public Benefit Organisations are exempted from the payment of rates, whilst the first R15 000,00 of the valuation on improved residential properties is exempted from the payment of rates.

**20. FINES, PENALTIES AND FORFEITS**

Traffic Fines:	20 169 994	30 176 034
Court Fines	-	6 764 530
Municipal	20 169 994	23 411 504
Other Fines:	483	1 314
Overdue Books Fine	483	1 314
<b>Total Fines, Penalties and Forfeits</b>	<b>20 170 476</b>	<b>30 177 348</b>

**20.1 Allocation for Cash Flow:**

Total Fines, Penalties and Forfeits	20 170 476	30 177 348
<b>Total Fines, Penalties and Forfeits allocated to Other Receipts</b>	<b>20 170 476</b>	<b>30 177 348</b>

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**21. LICENCES AND PERMITS**

	Exchange Transactions 2021 R	Exchange Transactions 2020 R	Non-Exchange Transactions 2021 R	Non-Exchange Transactions 2020 R
Road and Transport	363 402	513 151	-	-
Activities on Public Roads	1 680	2 562	-	-
Drivers Licence Application/Duplicate Drivers Licences	5 643	363 782	-	-
Learner Licence Application	49 780	15 268	-	-
Learners Certificate	242 263	127 434	-	-
Motor Vehicle Licence	64 036	4 105	-	-
<b>Total Licences and Permits</b>	<b>363 402</b>	<b>513 151</b>	<b>-</b>	<b>-</b>

	2021 R	2020 R
<b>21.1 Allocation for Cash Flow:</b>		
Total Licences and Permits	363 402	513 151
Total Licences and Permits allocated to Other Receipts	<b>363 402</b>	<b>513 151</b>

**22. TRANSFERS AND SUBSIDIES RECEIVED**

Capital Grants	21 315 772	6 292 212
Allocations In-kind	115 851	-
Monetary Allocations	21 199 921	6 292 212
Operational Grants	29 026 128	24 202 301
Allocations In-kind	-	-
Monetary Allocations	29 026 128	24 202 301
<b>Total Transfers and Subsidies Received</b>	<b>50 341 900</b>	<b>30 494 513</b>

<b>22.1 Allocation for Cash Flow:</b>		
Total Transfers and Subsidies Received	50 341 900	30 494 513
Adjustment for Non-cash Transactions:	(115 851)	-
<b>Total Transfers and Subsidies Received allocated to Cash Flow</b>	<b>50 226 049</b>	<b>30 494 513</b>

**22.2 Calculation of Cash Flow:**

Government Grants and Subsidies Income	Note 22.1	50 226 049	30 494 513
Cash Flow from Unspent Government Grants	Note 14.1	(3 484 371)	7 787 024
<b>Total Receipts for Government Grants and Subsidies</b>		<b>46 741 678</b>	<b>38 281 537</b>

**22.3 Summary of Grants:**

**22.3.1 Capital Grants**

	Allocations In-kind		Monetary Allocations	
	2021	2020	2021	2020
National Governments	-	-	14 206 609	4 741 889
Provincial Government	115 851	-	6 993 312	1 550 323
<b>Total Capital Grants Received</b>	<b>115 851</b>	<b>-</b>	<b>21 199 921</b>	<b>6 292 212</b>



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22.3.2 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2021	2020	2021	2020
Departmental Agencies and Accounts	-	-	36 328	35 327
District Municipalities	-	-	400 000	-
SETA: Skills grant	-	-	-	32 871
National Governments	-	-	4 758 405	5 261 055
National Revenue Fund	-	-	19 652 000	16 573 630
Private Enterprises	-	-	23 000	-
Provincial Government	-	-	4 156 396	2 299 418
<b>Total Operational Grants Received</b>	<b>-</b>	<b>-</b>	<b>29 026 128</b>	<b>24 202 301</b>
			<b>2021</b>	<b>2020</b>
			<b>R</b>	<b>R</b>

22.4 Detailed Summaries

22.4.1 Equitable Share

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	19 652 000	16 573 630
Conditions Met - Transferred to Revenue	(19 652 000)	(16 573 630)
Adjustments / Refunds	-	-
<b>Unspent Balance at the End of the Year</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. This grant is used to subsidise the provision of basic services to indigent community members and to subsidise income. All registered indigents receive a monthly subsidy equal to the basic monthly charges for water supply, refuse removal and sanitation based on the monthly billing towards the consumer account. The subsidy is determined annually by Council. All indigent consumers receive 6 kilolitre water and 50kWh electricity free every month. No funds have been withheld.

22.4.2 Sector Education and Training Authority (SETA)

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	36 328	35 327
Conditions Met - Transferred to Revenue	(36 328)	(35 327)
Adjustments / Refunds	-	-
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

The Purpose of the Discretionary Grants is to assist the SETA to achieve its objectives in relation to the development of the sector skills and enable the SETA to address the scarce and critical Skills in the sector. Discretionary Grants are allocated at the sole discretion of the SETA Accounting Authority depending on the availability of funds, adherence to specific criteria as per the Services SETA Discretionary Grants Policy and Guidelines.

22.4.3 National: EPWP Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 252 000	1 238 000
Conditions Met - Transferred to Revenue	(1 252 000)	(1 238 000)
Adjustments / Refunds	-	-
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

The Expanded Public Works Programme (EPWP) grant is received to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines being the maintenance of roads and buildings; low traffic volume roads and rural roads; basic services infrastructure, including water and sewer reticulation, sanitation, pipelines and dams (excluding bulk infrastructure); and other economic and social infrastructure. No funds have been withheld.

22.4.4 National: FMG Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 800 000	1 800 000
Conditions Met - Transferred to Revenue	(1 800 000)	(1 800 000)
Adjustments / Refunds	-	-
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>



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The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). No funds have been withheld.

	2021 R	2020 R
<b>22.4.5 National: MIG Funds</b>		
Unspent Balance at the Beginning of the Year	3 987 511	3 10 308
Current Year Receipts	6 529 000	6 692 000
Conditions Met - Transferred to Revenue	(10 516 511)	(2 704 488)
Adjustments / Refunds		(310 309)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>3 987 511</b>

This grant is allocated to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities. No funds have been withheld.

<b>22.4.6 Community Development Workers (CDW)</b>		
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	94 000	186 000
Conditions Met - Transferred to Revenue	(48 958)	(186 000)
Adjustments / Refunds		
<b>Unspent Balance at the End of the Year</b>	<b>45 042</b>	<b>-</b>

To provide financial assistance to municipalities to cover the operational expenses in respect of the functions of the Community Development Workers (CDW) programme.

<b>22.4.7 Laingsburg New Business Park Project</b>		
Unspent Balance at the Beginning of the Year	1 288 730	-
Current Year Receipts	1 110 000	1 483 148
Conditions Met - Transferred to Revenue	(2 398 730)	(194 418)
Adjustments / Refunds		
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>1 288 730</b>

This grant is allocated to support the development of key catalytic infrastructure projects which promote medium to long term economic gains and to increase the sustainability and growth of SME's. No funds have been withheld.

<b>22.4.8 Integrated National Electrification Grant</b>		
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	3 600 000	2 372 000
Conditions Met - Transferred to Revenue	(3 600 000)	(2 372 000)
Adjustments / Refunds		
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

Expenses were incurred to promote rural development and upgrade electricity infrastructure. No funds have been withheld.

<b>22.4.9 Provincial Library Services</b>		
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 482 000	1 251 000
Conditions Met - Transferred to Revenue	(1 482 000)	(1 251 000)
Adjustments / Refunds		
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

This grant was received to support municipal investment in library services and to sustain the future professional delivery and development of such services in the most vulnerable B3 municipalities. No funds have been withheld.

<b>22.4.10 Local Government Support Grant (COVID)</b>		
Unspent Balance at the Beginning of the Year	400 000	-
Current Year Receipts	400 000	1 068 000
Conditions Met - Transferred to Revenue	(400 000)	(668 000)
Adjustments / Refunds		
<b>Unspent Balance at the End of the Year</b>	<b>400 000</b>	<b>400 000</b>



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This grant was received to provide financial assistance to district municipalities to perform the administrative and monitoring role, including data management relating to humanitarian relief. To provide financial assistance to local municipalities to augment and support current humanitarian relief initiatives. No funds have been withheld.

	2021 R	2020 R
<b>22.4.11 Local Government Graduate Internship Grant</b>		
Unspent Balance at the Beginning of the Year	-	60 501
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue	-	(60 501)
Adjustments / Refunds	-	-
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

This grant was received for the construction of a "kick-about" facility as well as to provide basic football equipment to children in poor rural areas. The "kick-about" is part of the youth development against violence through sport programmes with the purpose of using sport, specifically football, as a catalyst for transmitting life skills to children and youth in order to reduce violence and social skills. No funds have been withheld.

	2021 R	2020 R
<b>22.4.12 Local Government Internship Grant &amp; WC FMCB Grant</b>		
Unspent Balance at the Beginning of the Year	729 690	351 100
Current Year Receipts	300 000	378 500
Conditions Met - Transferred to Revenue	(176 708)	-
Adjustments / Refunds	-	-
<b>Unspent Balance at the End of the Year</b>	<b>852 982</b>	<b>729 690</b>

This grant was received to develop financial human capacity within the municipal area to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance. No funds have been withheld.

	2021 R	2020 R
<b>22.4.13 Municipal Service Delivery and Capacity Building</b>		
Unspent Balance at the Beginning of the Year	42 238	98 036
Current Year Receipts	-	1 500
Conditions Met - Transferred to Revenue	(42 238)	(57 208)
Adjustments / Refunds	-	-
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>42 238</b>

This grant was received to develop financial human capacity within the municipal area to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance. No funds have been withheld.

	2021 R	2020 R
<b>22.4.14 Municipal Finance Improvement Programme</b>		
Unspent Balance at the Beginning of the Year	403 492	1 293 445
Current Year Receipts	1 000 000	1 125 000
Conditions Met - Transferred to Revenue	(1 403 492)	(1 826 453)
Adjustments / Refunds	-	(188 500)
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>403 492</b>

This grant is intended at assisting municipalities to regain clean financial governance abilities. No funds have been withheld.

	2021 R	2020 R
<b>22.4.15 Municipal Drought Support Grant</b>		
Unspent Balance at the Beginning of the Year	2 433 724	343 491
Current Year Receipts	400 000	3 500 000
Conditions Met - Transferred to Revenue	(2 833 724)	(1 409 767)
Adjustments / Refunds	-	-
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>2 433 724</b>

This allocation may only be utilised for the construction of the bulk pipeline between the Zoutkloof Spring and the main reservoir, the equipping and electricity connection and connection of two boreholes to the Zoutkloof line; the Zoutkloof Spring rehabilitation; and the borehole pump for the existing borehole in Matjiesfontein and Eskom connection. No funds have been withheld.



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	2021 R	2020 R
<b>22.4.16 Municipal Drought Relief Grant (Construction of Main Reservoir)</b>		
Balance unspent at the beginning of the year	2 600 000	-
Current year receipts	-	2 600 000
Conditions Met - Transferred to Revenue	(2 600 000)	-
Adjustments / Refunds	-	-
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>2 600 000</b>

This grant was received for the construction of a main reservoir to assist with the drought within the municipal area. No funds have been withheld.

**22.4.17 Western Cape Drought Funding Grant**

Balance unspent at the beginning of the year	-	-
Current year receipts	717 350	3 500 000
Conditions Met - Transferred to Revenue	(717 350)	(3 500 000)
Adjustments / Refunds	-	-
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

This grant was received to assist with drought within the municipal area. No funds have been withheld.

**22.4.18 Western Cape Sport Development Grant**

Balance unspent at the beginning of the year	-	71 575
Current year receipts	800 000	-
Conditions Met - Transferred to Revenue	(800 000)	(71 575)
Adjustments / Refunds	-	-
<b>Unspent Balance at the End of the Year</b>	<b>-</b>	<b>-</b>

Funding were made available for the refurbishment and construction of sports facilities by municipalities. No funds have been withheld.

**22.4.19 Water Service Infrastructure Grant (DWA)**

Balance unspent at the beginning of the year	-	1 556 630
Current year receipts	7 496 000	-
Conditions Met - Transferred to Revenue	(393 010)	-
Adjustments / Refunds	-	(1 556 630)
<b>Unspent Balance at the End of the Year</b>	<b>7 102 990</b>	<b>-</b>

This grant is used for water supply at Matjiesfontein, ground water investigation and the compilation of a water master plan. The water master plan needs to be drafted and submitted and the water meters needs to be installed. Unutilised funds have been refunded.

**22.4.20 Total Grants**

Balance unspent at the beginning of the year	11 885 385	4 085 176
Current year receipts	46 668 679	43 804 105
Conditions Met - Transferred to Revenue	(50 153 049)	(33 948 457)
Adjustments / Refunds	-	(2 055 439)
<b>Unspent Balance at the End of the Year</b>	<b>8 401 013</b>	<b>11 885 385</b>

**22.4.21 Changes in levels of Government Grants**

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2021), government grant funding is expected to not change significantly over the forthcoming three financial years.





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	2021 R	2020 R
<b>23. SERVICE CHARGES</b>		
Sale of Electricity:		
- Service Charges	14 590 556	13 421 793
- Revenue Foregone	(1 840 131)	(1 525 722)
Sale of Water:		
- Service Charges	2 203 020	2 206 025
- Revenue Foregone	(3 776 918)	(3 315 824)
Refuse Removal:		
- Service Charges	(1 573 898)	(1 109 799)
- Revenue Foregone	1 626 447	1 417 897
Sewerage and Sanitation Charges:		
- Service Charges	2 761 242	2 428 557
- Revenue Foregone	(1 134 795)	(1 010 660)
	1 753 229	1 750 265
	3 113 392	2 895 086
	(1 380 163)	(1 144 820)
<b>Total Service Charges</b>	<b>20 173 251</b>	<b>18 795 982</b>
- Service Charges	25 491 683	23 165 189
- Revenue Foregone	(5 318 431)	(4 369 207)

The prior year amount for Service Charges has been adjusted. Refer to Note 44.1 on "Correction of Error" for details of the restatement.

23.1 Allocation for Cash Flow:

Total Service Charges	20 173 251	18 795 982
<b>Total Service Charges allocated to Cash Flow</b>	<b>20 173 251</b>	<b>18 795 982</b>

23.2 Calculation of Cash Flow:

Service Charges Income	Note 23.1	20 173 251	18 795 982
Exchange Interest Earned	Note 27.1	128 798	425 178
Cash Flow from Exchange Receivables	Note 3.1	216 952	(1 473 756)
Cash Flow from Consumer Deposits	Note 12.1	78 905	25 100
Cash Flow from Exchange Payables	Note 13.1	(41 670)	68 111
Bad Debt Written-off	Note 32.1	(17 909 322)	(24 833 606)
<b>Total Receipts for Service Charges</b>		<b>2 646 914</b>	<b>(6 792 992)</b>

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

24. SALES OF GOODS AND RENDERING OF SERVICES

Building Plan Approval	11 642	4 428
Cemetery and Burial	21 737	13 905
Cleaning and Removal	1 263	5 600
Clearance Certificates	15 352	-
Encroachment Fees	8 124	13 125
Membership Fees	8 713	10 291
Photocopies and Faxes	432	1 033
Removal of Restrictions	66 157	17 022
Sale of Goods	20 392	30 118
Stone and Gravel	28 093	45 691
Valuation Services	1 637	10 227
<b>Total Sales of Goods and Rendering of Services</b>	<b>183 542</b>	<b>151 739</b>

24.1 Allocation for Cash Flow:

Total Sales of Goods and Rendering of Services	183 542	151 739
<b>Total Sales of Goods and Rendering of Services allocated to Other Receipts</b>	<b>183 542</b>	<b>151 739</b>



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	2021 R	2020 R
<b>25. INCOME FROM AGENCY SERVICES</b>		
Commission on Vehicle Registration	180 194	132 227
<b>Total Income from Agency Services</b>	<b>180 194</b>	<b>132 227</b>
<b>25.1 Allocation for Cash Flow:</b>		
Total Income from Agency Services	180 194	132 227
<b>Total income from Agency Services allocated to Other Receipts</b>	<b>180 194</b>	<b>132 227</b>
The municipality is party to a principal / agent agreement		
The municipality is an agent on behalf of the Western Cape Provincial Department of Transport and Public Works in collecting motor vehicle licences at an agency fee, VAT inclusive.		
There were no significant changes in the agreement which occurred during the reporting period.		
No material risks were identified on the agreement for the municipality.		
The municipality does not incur any expenses on behalf of the principal.		
<b>Amount of Revenue Retained by the Municipality</b>		
Income from Agency Fees	180 194	132 227
<b>Amount of Revenue received on behalf of the Principle during the Reporting Period</b>		
Motor Vehicle Licence Fees & RTMC Transaction Fees	1 293 724	928 231

**26. RENTAL FROM FIXED ASSETS**

Straight-lined Operating Lease Revenue  
Other Rental income

Ad-hoc Rental Income from Other Fixed Assets:  
Property Plant and Equipment

	1 624 344	1 377 520
	1 624 344	1 377 520
<b>Total Rental of Facilities and Equipment</b>	<b>1 624 344</b>	<b>1 377 520</b>

The prior year amount for Rental of Facilities and Equipment has been adjusted. Refer to Note 44.1 on "Correction of Error" for details of the restatement.

**26.1 Allocation for Cash Flow:**

Total Rental of Facilities and Equipment

1 624 344                      1 377 520

**Total Rental of Facilities and Equipment allocated to Other Receipts**

**1 624 344**                      **1 377 520**

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



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	2021 R	2020 R
<b>27. INTEREST, DIVIDENDS AND RENT ON LAND EARNED</b>		
<b>Non-exchange Receivables:</b>		
Outstanding Billing Debtors	51 869	136 696
<b>Total Non-exchange Interest, Dividends and Rent on Land Earned</b>	<b>51 869</b>	<b>136 696</b>
<b>External Investments:</b>		
Bank Account	231 705	431 138
Investments	53 741	178 724
	<b>285 446</b>	<b>609 862</b>
<b>Outstanding Exchange Receivables:</b>		
Other Interest	80 574	81 940
Long-term Debtors	1 036	2 811
Housing & Housing Selling Schemes	1 036	2 811
Outstanding Billing Debtors	47 188	340 427
Electricity	2 500	85 194
Property Rental Debtors	8 124	49 048
Service Charges	17 137	52 059
Waste Management	5 379	45 464
Waste Water Management	5 657	47 232
Water	8 391	61 430
	<b>128 798</b>	<b>425 178</b>
<b>Rent on Land:</b>		
Rent on Land	5 215	552
	<b>5 215</b>	<b>552</b>
<b>Total Exchange Interest, Dividends and Rent on Land Earned</b>	<b>419 459</b>	<b>1 035 592</b>
<b>Total Interest, Dividends and Rent on Land Earned</b>	<b>471 328</b>	<b>1 172 288</b>
The prior year amount for Interest, Dividends and Rent on Land Earned has been adjusted. Refer to Note 44.1 on "Correction of Error" for details of the restatement.		
<b>27.1 Allocation for Cash Flow:</b>		
<b>Property Rates:-</b>		
Interest on Outstanding Non-exchange Receivables	51 869	136 696
<b>Total Interest, Dividends and Rent on Land Earned allocated to Property Rates</b>	<b>51 869</b>	<b>136 696</b>
<b>Service Charges:-</b>		
Interest on Outstanding Exchange Receivables	128 798	425 178
<b>Total Interest, Dividends and Rent on Land Earned allocated to Service Charges</b>	<b>128 798</b>	<b>425 178</b>
<b>External Interest and Dividends Received:-</b>		
Interest on External Investments	285 446	609 862
<b>Total Interest, Dividends and Rent on Land Earned allocated to External Interest and Dividends Received</b>	<b>285 446</b>	<b>609 862</b>
<b>Other Receipts:-</b>		
Rent on Land	5 215	552
<b>Total Interest, Dividends and Rent on Land Earned allocated to Other Receipts</b>	<b>5 215</b>	<b>552</b>
<b>Total External Interest and Dividends Received allocated to Cash Flow</b>	<b>471 328</b>	<b>1 172 288</b>

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	2021 R	2020 R
<b>27.2 Calculation of Cash Flow:</b>		
External Interest and Dividends Income	265 446	609 862
<b>Total Receipts for Interest and Dividends Received</b>	<b>285 446</b>	<b>609 862</b>
 <b>28. OPERATIONAL REVENUE</b>		
Commission	17 363	13 937
Request for Information	531	153
Sale of Property	-	54 636
<b>Total Operational Revenue</b>	<b>17 894</b>	<b>68 726</b>
 <b>28.1 Allocation for Cash Flow:</b>		
Total Operational Revenue	17 894	68 726
<b>Total Operational Revenue allocated to Other Receipts</b>	<b>17 894</b>	<b>68 726</b>
 <b>28.2 Calculation of Cash Flow:</b>		
Income from Operational Revenue	17 894	68 726
Income from Exchange Interest Earned	5 215	552
Income from Rental from Fixed Assets	1 624 344	1 377 520
Income from Agency Services	180 194	132 227
Income from Sales of Goods and Rendering of Services	183 542	151 739
Income from Licences and Permits	363 402	513 151
Income from Fines, Penalties and Forfeits	20 170 475	30 177 348
Cash Flow from Exchange Receivables	(7 753)	639 566
Cash Flow from Non-exchange Receivables	21 340	(21 340)
Cash Flow from Statutory Non-exchange Receivables	(17 880 717)	(25 889 615)
Cash Flow from Consumer Deposits	11 917	16 102
Cash Flow from Exchange Payables	44 327	-
Amounts Written-off as Uncollectable	16 907 366	24 926 742
<b>Total Receipts for Other Revenue</b>	<b>21 541 568</b>	<b>32 092 717</b>

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 19 to 27, rendered which are billed to or paid for by the users as the services are required according to approved tariffs



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	2021 R	2020 R
<b>29. EMPLOYEE RELATED COSTS</b>		
Salaries, Wages and Service Related Benefits	22 156 200	19 340 769
Basic	20 442 157	17 680 380
Long Service Awards	110 000	41 523
Bonusses	204 540	151 079
Leave Payments	226 739	253 196
Overtime	1 172 765	1 214 591
Allowances:	2 751 550	2 718 047
Acting and Post Related Allowances	163 019	288 814
Bonus Allowance	1 246 926	1 110 015
Cellular and Telephone	48 547	10 940
Fire Brigade	16 800	19 200
Housing Benefits	158 963	150 154
Standby Allowance	82 721	41 438
Travel or Motor Vehicle	1 034 575	1 097 487
Social Contributions:	3 620 082	3 289 098
Bargaining Council	8 592	7 461
Medical	662 321	771 293
Pension	2 615 982	2 395 967
Unemployment Insurance	133 187	114 376
Post-retirement Benefits:	1 207 171	(57 369)
Current Service Cost	114 726	201 596
Interest Cost	336 501	443 491
Actuarial Gains and Losses	756 944	(702 456)
<b>Total Employee Related Costs</b>	<b>29 735 003</b>	<b>25 290 544</b>
<b>29.1 Allocation for Cash Flow:</b>		
Employee Related Costs	29 735 003	25 290 544
Adjustment for Non-cash Transactions:	(1 819 702)	(260 473)
Provisions and Non-current Provisions:-	(378 759)	(261 633)
Performance Bonus	(152 021)	(8 436)
Leave	(226 739)	(253 197)
Employee Benefit Liabilities:-	(1 440 944)	1 160
Long-service Awards	(272 808)	(176 916)
Medical	(1 168 056)	178 076
<b>Total Employee Related Costs allocated to Cash Flow</b>	<b>27 915 300</b>	<b>25 030 071</b>
<b>29.2 Calculation of Cash Flow:</b>		
Employee Related Costs Expenditure	27 915 300	25 030 071
Cash Flow from Provisions	8 699	-
Cash Flow from Exchange Payables	(5 489)	(48 416)
Cash Flow from Employee Benefit Liabilities	416 944	129 605
<b>Total Payments for Employee Related Costs</b>	<b>28 335 455</b>	<b>25 111 261</b>
<b>29.3 Remuneration of Section 57 Employees:</b>		
Remuneration of the Municipal Manager - J Booysen		
Annual Remuneration	1 243 691	147 937
Car and Other Allowances	42 000	3 500
Company Contributions to UIF, Medical and Pension Funds	1 931	158
<b>Total</b>	<b>1 287 623</b>	<b>151 595</b>



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	2021 R	2020 R
<b>29.4 Remuneration of Other Related Parties:</b>		
<b>Remuneration of the Chief Financial Officer - A Groenewald</b>		
Annual Remuneration	914 796	860 988
Annual Bonus	76 233	71 749
Car and Other Allowances	214 677	217 376
Other Payments (Travelling reimbursement)	199 381	-
Company Contributions to UIF, Medical and Pension Funds	184 213	183 450
<b>Total</b>	<b>1 589 300</b>	<b>1 333 563</b>
<b>Remuneration of the Manager: Community Services - N Hendriks</b>		
Annual Remuneration	574 547	523 236
Annual Bonus	48 578	43 603
Car and Other Allowances	157 082	156 249
Company Contributions to UIF, Medical and Pension Funds	140 140	138 326
<b>Total</b>	<b>920 347</b>	<b>861 414</b>
<b>Remuneration of Manager: Corporate Services - N Gouws</b>		
Annual Remuneration	569 280	523 236
Annual Bonus	47 440	43 603
Car and Other Allowances	168 484	166 970
Company Contributions to UIF, Medical and Pension Funds	123 730	113 972
<b>Total</b>	<b>908 934</b>	<b>847 780</b>
<b>Remuneration of Manager: Infrastructure - J Komanisi</b>		
Annual Remuneration	704 726	617 712
Annual Bonus	58 727	25 809
Car and Other Allowances	180 868	214 764
Company Contributions to UIF, Medical and Pension Funds	170 366	151 969
<b>Total</b>	<b>1 114 689</b>	<b>1 010 254</b>
<b>Remuneration of Budget and Treasury Officer - G Bothma</b>		
Annual Remuneration	621 689	575 280
Annual Bonus	52 150	47 940
Car and Other Allowances	202 073	215 949
Company Contributions to UIF, Medical and Pension Funds	114 595	105 444
<b>Total</b>	<b>990 515</b>	<b>944 613</b>
<b>Remuneration of Supply Chain Officer - K Gertse</b>		
Annual Remuneration	305 688	269 352
Annual Bonus	24 420	22 446
Other Payments (Travelling reimbursement)	11 271	-
Company Contributions to UIF, Medical and Pension Funds	82 645	74 162
<b>Total</b>	<b>424 024</b>	<b>365 960</b>

**30. REMUNERATION OF COUNCILLORS**

Executive Mayor	850 466	822 047
Deputy Executive Mayor	407 040	391 460
Speaker	689 253	656 518
Total for All Other Councillors	1 157 586	1 249 127
<b>Total Councillors' Remuneration</b>	<b>3 104 345</b>	<b>3 129 152</b>

**Remuneration Disclosure - Related Parties:**

Designation	Incumbent 2021	Incumbent 2020		
Executive Mayor	R.M. Louw	M. Gouws	762 106	847 883
Deputy Mayor	B. van As	I Brown	352 913	402 990
Speaker	L. Potgieter	R.M. Louw	526 852	687 186
Councillor	I. Brown	M. Daniels	347 120	298 674
Councillor	M. Daniels	L. Potgieter	159 163	298 674
Councillor	M. Gouws	W. Du P. Theron	550 252	298 674
Councillor	S. Maris	B. Van As	106 819	295 074
Councillor	W. Du P. Theron		299 491	-
			<b>3 104 717</b>	<b>3 129 154</b>



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	2021 R	2020 R
<b>30.1 Calculation of Cash Flow:</b>		
Remuneration of Councilors Expenditure <span style="float: right;">Note 30</span>	3 104 345	3 129 152
<b>Total Payments for Employee Related Costs</b>	<b>3 104 345</b>	<b>3 129 152</b>

**Remuneration of Councilors:**

**In-kind Benefits**

The Executive Mayor and Speaker are full-time Councilors. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

**31. DEPRECIATION AND AMORTISATION**

Depreciation: Property, Plant and Equipment	6 272 310	5 749 975
Depreciation: Investment Property	-	64 177
Amortisation: Intangible Assets	83 825	83 855
<b>Total Depreciation and Amortisation</b>	<b>6 356 135</b>	<b>5 898 007</b>

The prior year amount for Depreciation and Amortisation has been adjusted. Refer to Note 44.2 on "Correction of Error" for details of the restatement.

**32. IMPAIRMENT LOSSES**

Impairment Losses on Fixed Assets	739 600	-
Impairment Losses on Financial Assets	16 992 706	26 261 276
<b>Total Impairment Losses</b>	<b>17 732 307</b>	<b>26 261 276</b>

The prior year amount for Impairment Losses has been adjusted. Refer to Note 44.2 on "Correction of Error" for details of the restatement.

**32.1 Allocation for Cash Flow:**

Total impairment Losses	17 732 307	26 261 276
Adjustment for Non-cash Transactions:	177 016	(1 627 669)
<b>Total Impairment Losses allocated to Service Charges</b>	<b>17 909 322</b>	<b>24 633 606</b>

**32.2 Impairment Losses on Fixed Assets**

Impairment Losses	739 600	-
Property, Plant and Equipment	739 600	-
	<b>739 600</b>	<b>-</b>

**32.3 Impairment Losses on Financial Assets**

Impairment Losses	-	785 646
Trade and Other Receivables from Exchange Transactions	-	785 646

**Bad Debts Written Off**

Bad Debts Written Off	17 909 322	24 633 606
<b>Reversal of Impairment Losses</b>	(916 610)	842 024
Other Receivables from Non-exchange Revenue	222 973	762 657
Trade and Other Receivables from Exchange Transactions	(1 139 589)	79 366
	<b>16 992 706</b>	<b>26 261 276</b>

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	2021 R	2020 R
<b>33. INTEREST, DIVIDENDS AND RENT ON LAND PAID</b>		
Interest Paid:	1 088 105	1 833 617
Finance Leases	-	1 496
Interest costs non-current Provisions	718 537	1 823 848
Overdue Accounts	369 567	8 274
<b>Total Interest, Dividends and Rent on Land Paid</b>	<b>1 088 105</b>	<b>1 833 617</b>
<b>33.1 Allocation for Cash Flow:</b>		
<b>Non-cash Transactions:-</b>		
Interest Paid	718 537	1 823 848
<b>Total Interest, Dividends and Rent on Land Paid allocated to Non-cash Transactions</b>	<b>718 537</b>	<b>1 823 848</b>
<b>External Interest and Dividends Paid:-</b>		
Interest Paid	369 567	9 769
<b>Total Interest, Dividends and Rent on Land Paid allocated to External Interest and Dividends Paid</b>	<b>369 567</b>	<b>9 769</b>
<b>Total External Interest and Dividends Paid allocated to Cash Flow</b>	<b>1 088 105</b>	<b>1 833 617</b>
<b>33.2 Calculation of Cash Flow:</b>		
Interest, Dividends and Rent on Land Paid Expenditure	369 567	9 769
Note 33.1		
<b>Total Payments for External Interest and Dividends Paid</b>	<b>369 567</b>	<b>9 769</b>
<b>34. BULK PURCHASES</b>		
Electricity	10 238 091	9 140 441
<b>Total Bulk Purchases</b>	<b>10 238 091</b>	<b>9 140 441</b>
<b>34.1 Allocation for Cash Flow:</b>		
Total Bulk Purchases	10 238 091	9 140 441
<b>Total Bulk Purchases allocated to Suppliers Paid</b>	<b>10 238 091</b>	<b>9 140 441</b>
<b>35. CONTRACTED SERVICES</b>		
Outsourced Services	1 289 455	3 785 355
Consultants and Professional Services	4 188 910	955 813
Contractors	967 508	710 087
<b>Total Contracted Services</b>	<b>6 445 871</b>	<b>5 451 254</b>
The prior year amount for Contracted Services has been adjusted. Refer to Note 44.2 on "Correction of Error" for details of the restatement.		
<b>35.1 Allocation for Cash Flow:</b>		
Total Contracted Services	6 445 871	5 451 254
Adjustment for Non-cash Transactions. -	-	79 663
<b>Total Contracted Services allocated to Suppliers Paid</b>	<b>6 445 871</b>	<b>5 530 917</b>





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	2021 R	2020 R
<b>35.2 Outsourced Services</b>		
Burial Services	7 950	4 800
Business and Advisory	500 156	2 893 127
Catering Services	117 345	45 515
Cleaning Services	39 251	-
Electrical	423 537	375 505
Internal Auditors	153 623	21 335
Security Services	41 593	445 072
	<b>1 289 455</b>	<b>3 785 355</b>
<b>35.3 Consultants and Professional Services</b>		
Business and Advisory	3 328 879	225 191
Laboratory Services	-	168 161
Legal Cost	860 230	562 460
	<b>4 188 910</b>	<b>955 813</b>
<b>35.4 Contractors</b>		
Building	(104 204)	35 461
Electrical	50 507	44 430
Maintenance of Buildings and Facilities	50 584	7 173
Maintenance of Equipment	289 709	155 822
Maintenance of Computer Software	622 015	418 160
Pest Control and Fumigation	58 896	49 041
	<b>967 506</b>	<b>710 087</b>
<b>36. INVENTORY CONSUMED</b>		
Consumables	1 116 473	1 079 753
Materials and Supplies	1 226 067	822 971
<b>Total Inventory Consumed</b>	<b>2 342 540</b>	<b>1 902 724</b>
The prior year amount for Inventory Consumed has been adjusted. Refer to Note 44.2 on "Correction of Error" for details of the restatement.		
<b>36.1 Allocation for Cash Flow:</b>		
Total Inventory Consumed	2 342 540	1 902 724
<b>Total Inventory Consumed allocated to Suppliers Paid</b>	<b>2 342 540</b>	<b>1 902 724</b>
<b>36.2 Calculation of Cash Flow:</b>		
Expenditure for Inventory Consumed	Note 36.1 2 342 540	1 902 724
Expenditure for Contracted Services	Note 35.1 6 445 871	5 530 917
Expenditure for Bulk Purchases	Note 34.1 10 238 091	9 140 441
Cash Flow from Inventories	Note 2.1 52 076	(339 717)
Cash Flow from Exchange Receivables	Note 3.1 126 037	52 230
Cash Flow from Exchange Payables	Note 13.1 (4 245 006)	(1 482 184)
Cash Flow from Operating Lease Payables	Note 15.1.1 (743)	-
<b>Total for Suppliers Paid</b>	<b>14 958 866</b>	<b>14 804 412</b>



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	2021 R	2020 R
<b>37. TRANSFERS AND SUBSIDIES PAID</b>		
Operational Grants	350 935	382 181
Monetary Allocations	350 935	382 181
<b>Total Transfers and Subsidies Paid</b>	<b>350 935</b>	<b>382 181</b>

The prior year amount for Transfers and Subsidies Paid has been adjusted. Refer to Note 44.2 on "Correction of Error" for details of the restatement.

**37.1 Allocation for Cash Flow:**

Total Transfers and Subsidies Paid	350 935	382 181
<b>Total Transfers and Subsidies Paid allocated to Other Payments</b>	<b>350 935</b>	<b>382 181</b>

**37.2 Operational Grants**

	Allocations in-kind		Monetary Allocations	
	2021	2020	2021	2020
Households	-	-	350 935	382 181
<b>Total Operational Grants Paid</b>	<b>-</b>	<b>-</b>	<b>350 935</b>	<b>382 181</b>

**38. OPERATING LEASES**

Community Assets		15 475
Furniture and Office Equipment	289 387	275 058
Libraries	-	18 360
Other Assets	-	151 611
<b>Total Operating Leases</b>	<b>289 387</b>	<b>460 504</b>

**38.1 Allocation for Cash Flow:**

Total Operating Leases	289 387	460 504
<b>Total Operating Leases allocated to Other Payments</b>	<b>289 387</b>	<b>460 504</b>

**38.2 Leasing Arrangements**

**The Municipality as Lessee:**

Operating leases relate to Property, Plant and Equipment with lease terms not longer than 5 years



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	2021 R	2020 R
<b>39. OPERATIONAL COSTS</b>		
Included in General Expenses are the following:		
Advertising, Publicity and Marketing	152 685	109 955
Assets less than the Capitalisation Threshold	29 436	-
Bank Charges, Facility and Card Fees	366 050	524 579
Bursaries (Employees)	-	9 226
Commission	747 813	1 371 848
Communication	465 730	471 161
Contribution to Provisions	5 819 889	38 403
Deeds	5 650	6 040
Drivers Licences and Permits	84 962	8 216
Entrance Fees	143 928	-
External Audit Fees	2 396 376	3 088 031
External Computer Service	1 393 163	1 741 935
Fines and Penalties	-	109 520
Insurance Underwriting	335 634	346 418
Leaverships and Internships	381 978	12 870
Levies Paid - Water Resource Management Charges	79 501	8 219
Licences	59 326	378 944
Municipal Services	848 069	773 631
Permits	638	-
Printing, Publications and Books	488 385	205 431
Professional Bodies, Membership and Subscription	500 000	500 000
Remuneration to Ward Committees	196 804	255 092
Resettlement Cost	107 053	24 000
Skills Development Fund Levy	189 404	196 403
Toll Gate Fees	166	-
Travel and Subsistence	334 871	933 020
Uniform and Protective Clothing	101 653	37 015
Wet Fuel	291 346	13 427
Workmen's Compensation Fund	159 711	174 820
<b>Total Operational Costs</b>	<b>15 682 221</b>	<b>11 338 208</b>

The prior year amount for Operational Costs has been adjusted. Refer to Note 44.2 on "Correction of Error" for details of the restatement.

**39.1 Allocation for Cash Flow:**

Total Operational Costs	15 682 221	11 338 208
Adjustment for Non-cash Transactions:-	(5 819 889)	(38 403)
<b>Total Operational Costs allocated to Other Payments</b>	<b>9 862 332</b>	<b>11 299 805</b>

**39.2 Calculation of Cash Flow:**

Expenditure for Operational Costs	9 862 332	11 299 805
Expenditure for Operating Leases	289 387	460 504
Expenditure for Transfers and Subsidies Paid	350 935	382 181
Minor Variance on Impairment	(1 101 936)	293 135
Minor Variance on Depreciation	-	(5)
Minor Variance on Other Non-cash Transactions	(68 711)	(174 820)
<b>Total for Other Payments</b>	<b>9 332 006</b>	<b>12 260 801</b>



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	2021 R	2020 R
<b>39.3 Travel and Subsistence</b>		
<b>Domestic</b>	<b>329 625</b>	<b>922 840</b>
Accommodation	82 690	359 780
Daily Allowance	20 950	74 314
Food and Beverage (Served)	45 133	119 910
Incidental Cost	14 344	18 039
Transport without Operator	157 508	350 817
<b>Non-employees</b>	<b>5 246</b>	<b>10 180</b>
	<b>334 871</b>	<b>933 020</b>
<b>39.4 Material Losses</b>	<b>2 696 871</b>	<b>3 374 774</b>
<b>Distribution Losses:</b>		
Electricity Losses	992 529	1 264 774
Water Losses	1 704 341	2 110 000

The amounts disclosed above for **Electricity and Water Losses** are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense (See Note 53.9).

No other extra-ordinary expenses were incurred.

**40. GAINS AND LOSSES ON OTHER OPERATIONS**

<b>Gains on Other Operations</b>		
Fair Value Gains on Interest Rate Swaps	-	1 004 207
<b>Total Gains on Other Operations</b>	<b>-</b>	<b>1 004 207</b>
<b>Net Gains and Losses on Other Operations</b>	<b>-</b>	<b>1 004 207</b>

No other gains or losses have been recognised in respect of Loans and Receivables or Held-to-Maturity Investments, other than as disclosed in Note 13 and Impairment Losses recognised/reversed in respect of Trade Receivables (see Notes 4, 5 and 31).

**41. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS**

Property, Plant and Equipment	(263 140)	(8 079)
<b>Total Losses on Disposal of Capital Assets</b>	<b>263 140</b>	<b>8 079</b>
<b>Disposal of Property, Plant and Equipment:</b>		
Losses on Disposal of Capital Assets <span style="float: right;">Note 8.1</span>	(263 140)	(8 079)
<b>Total Gains on Disposal of Capital Assets allocated to Property, Plant and Equipment</b>	<b>(263 140)</b>	<b>(8 079)</b>
<b>Total Gains / (Losses) on Disposal of Capital Assets allocated to Cash Flow</b>	<b>(263 140)</b>	<b>(8 079)</b>



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

	2021 R	2020 R
<b>42. RECLASSIFICATION OF ANNUAL FINANCIAL STATEMENTS</b>		
<b>42.1 Reclassification of Accumulated Surplus</b>		
The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.		
The effect of the changes are as follows:		
		<b>Accumulated Surplus</b>
<b>Balance published as at 30 June 2019</b>		<b>167 122 553</b>
<b>Correction of Error:-</b>		
Adjustment for Impairment of Receivables	(739 846)	
Adjustment for Capital Assets as per Revised Asset Register	297 518	
Adjustment for Inventories as per Working Papers	(52 261)	
Adjustment for Exchange Receivables as per Working Papers	(12 616)	
Adjustment for Statutory Non-exchange Receivables as per Working Papers	(10 772)	
Adjustment for VAT Receivables as per Working Papers	2 117 099	
Adjustment for Cash and Cash Equivalents as per Working Papers	(15 221)	
Adjustment for Exchange Payables as per Working Papers	797 972	
Adjustment for Rounding Errors	-	
	<u>-</u>	<u>2 381 873</u>
<b>Restated Balance as at 30 June 2019</b>		<b>169 504 426</b>
Transactions incurred for the Year 2019/20		(705 703)
<b>Correction of Error:-</b>		
Adjustment for Impairment of Receivables	109 488	
Adjustment for Capital Assets as per Revised Asset Register	(47 366)	
Adjustment for Exchange Receivables as per Working Papers	(144 111)	
Adjustment for Statutory Non-exchange Receivables as per Working Papers	18 706	
Adjustment for Cash and Cash Equivalents as per Working Papers	92 881	
Adjustment for Exchange Payables as per Working Papers	(2 337 296)	
Adjustment for Audit Findings as per COMAFs issued	(2 497)	
Adjustment for Rounding Errors	-	
	<u>-</u>	<u>(2 310 195)</u>
<b>Restated Balances as at 30 June 2020</b>		<b>166 488 528</b>

**42.2 Reclassification of Revenue**

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

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2019/20
Property Rates	4 173 684	-	18 706	4 192 390
Fines, Penalties and Forfeits	30 177 348	-	-	30 177 348
Transfers and Subsidies	30 426 315	-	68 198	30 494 513
Interest, Dividends & Rent on Land Non-Exchange	839 152	-	(702 456)	136 696
Licences and Permits - Exchange	513 151	-	-	513 151
Service Charges	18 835 725	-	(39 744)	18 795 982
Sales of Goods and Rendering of Services	151 657	-	83	151 739
Income from Agency Services	132 227	-	-	132 227
Rental from Fixed Assets	1 482 439	-	(104 919)	1 377 520
Interest, Dividends & Rent on Land Exchange	942 150	-	93 433	1 035 592
Operational Revenue	82 288	-	(13 562)	68 726
Gains on Disposal of PPE	54 636	-	(54 636)	-
Gains on Other Operations	1 063 870	-	(79 663)	1 004 207
	<u>88 894 650</u>	<u>-</u>	<u>(814 561)</u>	<u>88 080 090</u>



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**42.3 Reclassification of Expenditure**

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

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2019/20
Employee Related Costs	25 549 509	-	(258 965)	25 290 544
Remuneration of Councillors	3 129 152	-	-	3 129 152
Depreciation and Amortisation	5 850 646	-	47 381	5 898 027
Impairment Losses	26 370 763	-	(109 488)	26 261 276
Interest, Dividends and Rent on Land	2 356 771	-	(523 154)	1 833 617
Bulk Purchases	9 140 441	-	-	9 140 441
Contracted Services	5 445 073	-	6 181	5 451 254
Inventory Consumed	2 085 943	-	(183 219)	1 902 724
Transfers and Subsidies Paid	397 733	-	(15 553)	382 181
Operating Leases	460 504	-	-	460 504
Operational Costs	8 805 738	-	2 532 470	11 338 208
Loss on Disposal of PPE	8 079	-	(0)	8 079
	<u>89 600 354</u>	<u>-</u>	<u>1 495 635</u>	<u>91 095 988</u>

**42.4 Reclassification of Statement of Financial Position**

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

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2019/20
<b>Current Assets</b>				
Inventories	640 722	-	(52 281)	588 461
Receivables from Exchange Transactions	3 560 303	-	1 154 632	4 714 935
Statutory Receivables from Exchange Transactions	-	-	4 605 655	4 605 655
Receivables from Non-exchange Transactions	8 224 756	(3 124 433)	(5 078 983)	21 340
Statutory Receivables from Non-exchange Transactions	-	3 124 433	3 140 542	6 270 975
VAT Receivable	2 488 557	-	(2 488 557)	-
Cash and Cash Equivalents	12 091 897	-	77 680	12 169 577
Long-term Receivables	1 342	-	(1 342)	-
<b>Non-Current Assets</b>				
Property, Plant and Equipment	163 084 263	-	250 153	163 334 415
Intangible Assets	286 250	-	(0)	286 249
Investment Property	23 544 495	-	-	23 544 495
Heritage Assets	43 354	-	-	43 354
<b>Current Liabilities</b>				
Consumer Deposits	(714 823)	-	5 977	(708 846)
Payables from Exchange Transactions	(6 745 251)	-	(1 547 798)	(8 293 049)
Unspent Conditional Grants and Receipts	(11 885 385)	-	-	(11 885 385)
Lease Payables	(6 225)	-	-	(6 225)
Employee Benefit Liabilities	(407 000)	-	-	(407 000)
Provisions	(23 438 404)	-	21 513 631	(1 922 773)
<b>Non-Current Liabilities</b>				
Employee Benefit Liabilities	(4 354 000)	-	-	(4 354 000)
Provisions	-	-	(21 513 631)	(21 513 631)
<b>Net Assets</b>				
Accumulated Surplus / (Deficit)	(166 416 849)	-	(71 678)	(166 488 528)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



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

42.5 Reclassification of Cash Flow Statement

The prior year figures of the Cash Flow Statement have been restated to correctly classify the nature of cash receipts and expenditures of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2019/20
<b>Receipts</b>				
Property Rates	3 548 696	-	-	3 548 696
Transfers and Subsidies	39 958 460	-	(1 676 032)	38 281 537
Service Charges	17 488 468	-	(24 281 460)	(6 792 992)
External Interest and Dividends Received	598 921	-	10 941	609 862
Other Receipts	7 288 117	-	24 804 600	32 092 717
VAT Received	-	-	573 271	573 271
<b>Payments</b>				
Employee Related Costs	(28 288 828)	-	3 177 567	(25 111 261)
Remuneration of Councillors	-	-	(3 129 152)	(3 129 152)
External Interest and Dividends Paid	(89 432)	-	79 663	(9 769)
Suppliers Paid	(27 695 035)	-	12 890 623	(14 804 412)
Other Payments	-	-	(12 260 801)	(12 260 801)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>12 809 376</b>	<b>-</b>	<b>188 318</b>	<b>12 997 694</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Property, Plant and Equipment	(7 347 571)	-	-	(7 347 571)
Proceeds on Disposal of Property, Plant and Equipment	54 636	-	(54 636)	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(7 292 935)</b>	<b>-</b>	<b>(54 636)</b>	<b>(7 347 571)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Decrease in Finance Leases (Leases Redeemed)	(16 973)	-	-	(16 973)
Increase in Consumer Deposits	40 802	-	(40 802)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>23 829</b>	<b>-</b>	<b>(40 802)</b>	<b>(16 973)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5 540 270</b>	<b>-</b>	<b>92 881</b>	<b>5 633 151</b>
Cash and Cash Equivalents at Beginning of Period	6 551 627	-	(15 221)	6 536 406
Cash and Cash Equivalents at End of Period	12 091 897	-	77 660	12 169 557

43. CHANGE IN ACCOUNTING POLICY

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

- GRAP 18 Segment Reporting
- GRAP 34 Separate Financial Statements
- GRAP 35 Consolidated Statements
- GRAP 36 Investments in Associates and Joint Ventures
- GRAP 37 Joint Arrangements
- GRAP 38 Disclosure of Interests in Other Entities
- GRAP 110 Living and Non-living Resources
- IGRAP 20 Accounting for Adjustments to Revenue

The municipality adopted the exempted portions of the following Standards for the first time during the financial year 2020/21 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1. These have been implemented retrospectively as at 30 June 2021:

- GRAP 108 Statutory Receivables



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#### **43.1 GRAP 18 - Segment Reporting**

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

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

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

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

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

Management has evaluated the requirements of the Standard and it was found that no adjustments affecting Financial Position, Financial Performance, Net Assets or Cash Flows need to be made. Accordingly, the segmental information for Capital Assets and Financial Performance of the municipality is disclosed in the Annual Financial Statements. It is not practical to segmentize Financial Position and Cash Flow operations.

#### **43.2 GRAP 34 - Separate Financial Statements**

The Accounting Standard for Separate Financial Statements not recognised under previous basis of accounting, has been considered for inclusion in the Annual Financial Statements of the municipality as at 30 June 2021 in terms of GRAP 34.

Management has evaluated the requirements of the Standard and it was found that it is not applicable to the municipality at this stage. Therefore, no adjustments need to be made and no Accounting Policies need to be developed to fully comply with GRAP 34.

#### **43.3 GRAP 35 - Consolidated Financial Statements**

The Accounting Standard for Consolidated Financial Statements not recognised under previous basis of accounting, has been considered for inclusion in the Annual Financial Statements of the municipality as at 30 June 2021 in terms of GRAP 35.

Management has evaluated the requirements of the Standard and it was found that it is not applicable to the municipality at this stage. Therefore, no adjustments need to be made and no Accounting Policies need to be developed to fully comply with GRAP 35.

#### **43.4 GRAP 36 - Investments in Associates and Joint Ventures**

The Accounting Standard for Investments in Associates and Joint Ventures not recognised under previous basis of accounting, has been considered for inclusion in the Annual Financial Statements of the municipality as at 30 June 2021 in terms of GRAP 36.

Management has evaluated the requirements of the Standard and it was found that it is not applicable to the municipality at this stage. Therefore, no adjustments need to be made and no Accounting Policies need to be developed to fully comply with GRAP 36.

#### **43.5 GRAP 37 - Joint Arrangements**

The Accounting Standard for Joint Arrangements not recognised under previous basis of accounting, has been considered for inclusion in the Annual Financial Statements of the municipality as at 30 June 2021 in terms of GRAP 37.

Management has evaluated the requirements of the Standard and it was found that it is not applicable to the municipality at this stage. Therefore, no adjustments need to be made and no Accounting Policies need to be developed to fully comply with GRAP 37.

#### **43.6 GRAP 38 - Disclosure of interests in Other Entities**

The Accounting Standard for Disclosure of Interests in Other Entities not recognised under previous basis of accounting, has been considered for inclusion in the Annual Financial Statements of the municipality as at 30 June 2021 in terms of GRAP 38.

The municipality has developed Accounting Policies to fully comply with GRAP 38. Management has evaluated the requirements of the Standard and it was found that no adjustments need to be made.

#### **43.7 GRAP 108 - Statutory Receivables**

The Accounting Standard for Statutory Receivables has been recognised in the Annual Financial Statements of the municipality as at 30 June 2021 in terms of GRAP 108. The full net assets have been recognised retrospectively in the Annual Financial Statements.

The comparative amounts have been restated. The effect of the change in Accounting Policy is as follows:





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**Reclassification of Receivables and Statutory Receivables**

The prior year figures of Exchange Receivables, Statutory Exchange Receivables, Non-exchange Receivables and Statutory Non-exchange Receivables have been restated to correctly disclose the receivables of the Entity in terms of GRAP 108.

The effect of the Change in Accounting Policy is as follows:

	VAT Receivable	Statutory Exchange Receivables	Non-exchange Receivables	Statutory Non-exchange Receivables
Balances published as at 30 June 2019	3 061 827	-	5 117 599	-
Transfer of Receivables to Statutory Receivables	(3 061 827)	3 061 827	(5 117 599)	5 117 599
<b>Restated Balances as at 30 June 2019</b>	<b>-</b>	<b>3 061 827</b>	<b>-</b>	<b>5 117 599</b>
Transactions incurred for the Year 2019/20	(573 271)	-	1 026 052	-
Transfer of Receivables to Statutory Receivables	573 271	(573 271)	(1 026 052)	1 026 052
<b>Restated Balances as at 30 June 2020</b>	<b>-</b>	<b>2 488 557</b>	<b>-</b>	<b>6 143 651</b>

**43.8 GRAP 110 - Living and Non-living Resources**

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

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

**43.9 IGRAP 20 - Accounting for Adjustments to Revenue**

The Accounting Interpretation for Accounting for Adjustments to Revenue not recognised under previous basis of accounting, has been considered for inclusion in the Annual Financial Statements of the municipality as at 30 June 2021 in terms of IGRAP 20.

Management has evaluated the requirements of the Standard and it was found that it is not applicable to the municipality at this stage. Therefore, no adjustments need to be made and no Accounting Policies need to be developed to fully comply with IGRAP 20.

The above-mentioned changes in Accounting Policies had no effect on the Accumulated Surplus as at 30 June 2021 and the Accumulated Surplus of prior years was not affected either.

**44. CORRECTION OF ERROR**

Corrections were made on disclosures of the previous financial year. These disclosures are limited to re-classification of line items within the different categories of the financial statements. Details of the corrections are described below:

**44.1 Reclassification of Revenue**

Prior year amounts of items in Revenue included in the Statement of Financial Performance have been restated as indicated below.

**Reclassification in terms of mSCOA Chart:**

The prior year amounts for revenue of indicated items in the Statement of Financial Performance have been reclassified in terms of the mSCOA Item GUID's allocated to these items to agree to the data strings submitted to National Treasury. The net effect of these reclassifications in performance is zero.

	Property Rates	Fines, Penalties and Forfeits	Licences and Permits - Non- exchange	Transfers and Subsidies
Balance previously reported	4 173 684	30 177 348	-	30 426 315
Reclassification in terms of mSCOA Chart	-	-	-	68 198
Correction of Errors:- Adjust Property Rates as per Working Papers	18 706	-	-	-
<b>Restated Balance now reported</b>	<b>4 192 390</b>	<b>30 177 348</b>	<b>-</b>	<b>30 494 513</b>

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**Property Rates:**

The prior year amounts for Property Rates have been restated to correctly disclose the revenue for Property Rates, restated in terms of prior year audit findings as per working papers prepared

	Surcharges and Taxes	Interest, Dividends & Rent on Land Non-Exchange	Licences and Permits - Exchange	Service Charges
Balance previously reported	-	839 152	513 151	18 835 725
Reclassification in terms of mSCOA Chart	-	(702 456)	-	-
Correction of Errors:- Adjust Service Charges as per Working Papers	-	-	-	(39 744)
<b>Restated Balance now reported</b>	<b>-</b>	<b>136 696</b>	<b>513 151</b>	<b>18 795 982</b>

**Service Charges:**

The prior year amounts for Service Charges have been restated to correctly disclose the revenue for Service Charges, restated in terms of prior year audit findings as per working papers prepared.

	Sales of Goods and Rendering of Services	Income from Agency Services	Rental from Fixed Assets	Interest, Dividends & Rent on Land Exchange
Balance previously reported	151 657	132 227	1 482 439	942 159
Reclassification in terms of mSCOA Chart	83	-	(306)	305
Correction of Errors:- Adjust Rental from Fixed Assets as per Working Papers Adjust Interest as per Working Papers	-	-	(104 613)	93 126
<b>Restated Balance now reported</b>	<b>151 739</b>	<b>132 227</b>	<b>1 377 520</b>	<b>1 035 592</b>

**Rental from Fixed Assets:**

The prior year amounts for Rental from Fixed Assets have been restated to correctly disclose the revenue for Rental, restated in terms of prior year audit findings as per working papers prepared

**Interest, Dividends & Rent on Land:**

The prior year amounts for Interest, Dividends & Rent on Land have been restated to correctly disclose the revenue for Interest, restated in terms of prior year audit findings as per working papers prepared.

	Operational Revenue	Intercompany/Parent-subsidary Transactions	Gains on Disposal of PPE	Gains on Other Operations
Balance previously reported	82 288	-	54 636	1 083 870
Reclassification in terms of mSCOA Chart	(13 582)	-	(54 636)	(79 663)
<b>Restated Balance now reported</b>	<b>68 726</b>	<b>-</b>	<b>-</b>	<b>1 004 207</b>



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

**44.2 Reclassification of Expenditure**

Prior year amounts of items in Expenditure included in the Statement of Financial Performance have been restated as indicated below:

**Reclassification in terms of mSCOA Chart:**

The prior year amounts for expenditure of indicated items in the Statement of Financial Performance have been reclassified in terms of the mSCOA Item GUID's allocated to these items to agree to the data strings submitted to National Treasury. The net effect of these reclassifications in performance is zero.

	Employee Related Costs	Remuneration of Councillors	Depreciation and Amortisation
Balance previously reported	25 549 609	3 129 152	5 850 646
Reclassification in terms of mSCOA Chart	(258 965)	-	-
Correction of Errors:- Adjust Depreciation as per Revised Asset Register	-	-	47 361
<b>Restated Balance now reported</b>	<b>25 290 644</b>	<b>3 129 152</b>	<b>5 898 007</b>

**Depreciation and Amortisation:**

The prior year amounts for Depreciation & Amortisation and Property, Plant & Equipment have been restated to correctly disclose depreciation for assets as per Asset Register, recomputed in terms of Audit Findings made in the Prior Year.

	Impairment Losses	Interest, Dividends and Rent on Land	Bulk Purchases	Contracted Services
Balance previously reported	26 370 763	2 356 771	9 140 441	5 445 073
Reclassification in terms of mSCOA Chart	-	(523 154)	-	(1 890)
Correction of Errors:- Adjust Impairment of Receivables	(109 480)	-	-	-
Adjust Interest as per Working Papers	-	-	-	8 071
<b>Restated Balance now reported</b>	<b>26 261 276</b>	<b>1 833 617</b>	<b>9 140 441</b>	<b>5 451 254</b>

**Impairment Losses:**

The prior year amounts for impairment Losses, Receivables from Exchange Transactions and Statutory Receivables from Non-exchange Transactions have been restated to correctly disclose the impairment of Receivables, previously incorrectly calculated in terms of the prescriptions of GRAP 104.

**Contracted Services:**

The prior year amounts for Contracted Services have been restated to correctly disclose the expenditure for Contracted Services, restated in terms of prior year audit findings as per working papers prepared.

	Inventory Consumed	Transfers and Subsidies Paid	Operating Leases	Operational Costs
Balance previously reported	2 085 943	397 733	460 504	8 805 738
Reclassification in terms of mSCOA Chart	(185 142)	-	-	187 114
Correction of Errors:- Adjust Acquisition of Capital Assets as per Revised Asset Register	5	-	-	-
Adjust Inventory Consumed as per Working Papers	1 919	-	-	-
Adjust Transfers and Subsidies Paid as per Working Papers	-	(18 050)	-	-
Adjust Operational Costs as per Working Papers	-	-	-	2 345 356
Adjust Subsidies Paid as per COMAF 30	-	2 497	-	-
<b>Restated Balance now reported</b>	<b>1 902 724</b>	<b>382 181</b>	<b>460 504</b>	<b>11 338 208</b>

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**Inventory Consumed:**

The prior year amounts for Inventory Consumed and Property, Plant & Equipment have been restated to correctly disclose acquisition of assets as per Asset Register, recompiled in terms of Audit Findings made in the Prior Year.

Furthermore, the prior year amounts for Inventory Consumed have been restated to correctly disclose the expenditure for Inventory Consumed, restated in terms of prior year audit findings as per working papers prepared.

**Transfers and Subsidies Paid:**

The prior year amounts for Transfers & Subsidies Paid have been restated to correctly disclose the expenditure for Subsidies Paid, restated in terms of prior year audit findings as per working papers prepared.

Furthermore, the prior year amounts for Transfers & Subsidies Paid have been restated to correctly disclose the expenditure for Covid-19 Feeding Schemes in terms of COMAF 30

**Operational Costs:**

The prior year amounts for Operational Costs have been restated to correctly disclose the expenditure for Operational Costs, restated in terms of prior year audit findings as per working papers prepared.

	Income Taxes	Statutory Payments other than Taxes	Loss on Disposal of PPE	Losses on Other Operations
Balance previously reported	-	-	8 079	-
Restated Balance now reported	<u>-</u>	<u>-</u>	<u>8 079</u>	<u>-</u>

**44.3 Reclassification of Statement of Financial Position**

Opening Balances and Prior Year Amounts of items in the Statement of Financial Position have been restated as indicated below:

**Reclassification in terms of mSCOA Chart:**

The opening balances of indicated items in the Statement of Financial Position have been reclassified in terms of the mSCOA Item GUID's allocated to these items to agree to the data strings submitted to National Treasury. The net effect of these reclassifications is zero.

The prior year amounts of indicated items in the Statement of Financial Position have been reclassified in terms of the mSCOA Item GUID's allocated to these items to agree to the data strings submitted to National Treasury. The net effect of these reclassifications is zero.

	Inventories	Receivables from Exchange Transactions	Statutory Receivables from Exchange Transactions
Balances previously published per AFS as at 30 June 2019	980 439	2 659 330	-
Reclassification in terms of mSCOA Chart	-	2 677 064	-
Change in Accounting Policy:- Adjustment for Non-exchange Statutory Receivables (Note 43.7)	-	-	3 061 827
Correction of Errors:- Adjust Impairment of Receivables	-	(676 080)	-
Adjust Inventories as per Working Papers	(52 261)	-	-
Adjust Exchange Receivables as per Working Papers	-	(12 616)	-
Adjust VAT Receivable as per Working Papers	-	-	2 117 099
Balances now published per AFS as at 30 June 2019	<u>928 178</u>	<u>4 647 709</u>	<u>5 178 926</u>
Transactions incurred for the Year 2019/20	339 717 33	900 973 13	-
Reclassification in terms of mSCOA Chart	-	(615 958)	-
Change in Accounting Policy:- Adjustment for Non-exchange Statutory Receivables (Note 43.7)	-	-	(573 271)
Correction of Errors:- Adjust Impairment of Receivables	-	(73 679)	-
Adjust Exchange Receivables as per Working Papers	-	(144 111)	-
Balances now published per AFS as at 30 June 2020	<u>588 461</u>	<u>4 714 935</u>	<u>4 605 655</u>



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**Inventories:**

The opening balances of Inventories have been restated to correctly disclose the value of Inventories, restated in terms of prior year audit findings as per working papers prepared.

**Receivables from Exchange Transactions:**

The opening balances of Receivables from Exchange Transactions, Statutory Receivables from Non-exchange Transactions and Impairment Losses have been restated to correctly disclose the impairment of Receivables, previously incorrectly calculated in terms of the prescriptions of GRAP 104.

Furthermore, the opening balances of Receivables from Exchange Transactions have been restated to correctly disclose the value of Receivables, restated in terms of prior year audit findings as per working papers prepared.

The prior year amounts of Receivables from Exchange Transactions, Statutory Receivables from Non-exchange Transactions and Impairment Losses have been restated to correctly disclose the impairment of Receivables, previously incorrectly calculated in terms of the prescriptions of GRAP 104.

Furthermore, the prior year amounts of Receivables from Exchange Transactions have been restated to correctly disclose the value of Receivables, restated in terms of prior year audit findings as per working papers prepared.

**Statutory Receivables from Exchange Transactions:**

The opening balances of Statutory Receivables from Exchange Transactions have been restated to correctly disclose the value of VAT Receivable, restated in terms of prior year audit findings as per working papers prepared.

	Receivables from Non-exchange Transactions	Statutory Receivables from Non-exchange Transactions	VAT Receivable
Balances previously published per AFS as at 30 June 2019	7 794 267	-	3 061 827
Reclassification in terms of mSCOA Chart	(2 676 608)	-	-
Change in Accounting Policy:- Adjustment for Non-exchange Statutory Receivables (Note 43.7)	(5 117 599)	5 117 599	(3 061 827)
Correction of Errors:- Adjust Impairment of Receivables	-	(63 777)	-
Adjust Statutory Non-exchange Receivables as per Working Papers	-	(10 772)	-
<b>Balances now published per AFS as at 30 June 2019</b>	<b>-</b>	<b>5 043 050</b>	<b>-</b>
Transactions incurred for the Year 2019/20	430 489	-	(573 271)
Reclassification in terms of mSCOA Chart	616 903	-	-
Change in Accounting Policy:- Adjustment for Non-exchange Statutory Receivables (Note 43.7)	(1 026 052)	1 026 052	573 271
Correction of Errors:- Adjust Impairment of Receivables	-	183 167	-
Adjust Statutory Non-exchange Receivables as per Working Papers	-	18 706	-
<b>Balances now published per AFS as at 30 June 2020</b>	<b>21 340</b>	<b>6 270 975</b>	<b>-</b>

**Statutory Receivables from Non-exchange Transactions:**

The opening balances of Statutory Receivables from Non-exchange Transactions, Receivables from Exchange Transactions and Impairment Losses have been restated to correctly disclose the impairment of Receivables, previously incorrectly calculated in terms of the prescriptions of GRAP 104.

Furthermore, the opening balances of Statutory Receivables from Non-exchange Transactions have been restated to correctly disclose the value of Receivables, restated in terms of prior year audit findings as per working papers prepared.

The prior year amounts of Statutory Receivables from Non-exchange Transactions, Receivables from Exchange Transactions and Impairment Losses have been restated to correctly disclose the impairment of Receivables, previously incorrectly calculated in terms of the prescriptions of GRAP 104.

Furthermore, the prior year amounts of Statutory Receivables from Non-exchange Transactions have been restated to correctly disclose the value of Receivables, restated in terms of prior year audit findings as per working papers prepared.



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	Cash and Cash Equivalents	Lease Receivables	Long-term Receivables
Balances previously published per AFS as at 2019	6 551 627	-	396
Reclassification in terms of mSCOA Chart	-	-	(396)
Correction of Errors:- Adjust Cash and Cash Equivalents as per Working Papers	(15 221)	-	-
<b>Balances now published per AFS as at 2019</b>	<b>6 536 406</b>	<b>-</b>	<b>-</b>
Transactions incurred for the Year	5 540 270	-	945
Reclassification in terms of mSCOA Chart	-	-	(945)
Correction of Errors:- Adjust Cash and Cash Equivalents as per Working Papers	92 681	-	-
<b>Balances now published per AFS as at 30 June 2020</b>	<b>12 169 557</b>	<b>-</b>	<b>-</b>

**Cash and Cash Equivalents:**

The opening balances of Cash and Cash Equivalents have been restated to correctly disclose the value of Cash, restated in terms of prior year audit findings as per working papers prepared.

The prior year amounts of Cash and Cash Equivalents have been restated to correctly disclose the value of Cash, restated in terms of prior year audit findings as per working papers prepared.

	Property, Plant and Equipment	Intangible Assets
Balances previously published per AFS as at 30 June 2019	161 447 385	370 105
Correction of Errors:- Adjust Cost of Capital Assets	774 062	-
Adjust Accumulated Depreciation of Capital Assets	(476 543)	(0)
<b>Balances now published per AFS as at 30 June 2019</b>	<b>161 744 903</b>	<b>370 105</b>
Transactions incurred for the Year 2019/20	1 636 878	(83 855)
Correction of Errors:- Adjust Acquisition Cost of Capital Assets	(5)	-
Adjust Depreciation of Capital Assets	(47 361)	-
<b>Balances now published per AFS as at 30 June 2020</b>	<b>163 334 415</b>	<b>286 249</b>

**Property, Plant and Equipment:**

The opening balances for Property, Plant & Equipment and Accumulated Surplus have been restated to correctly disclose the value of Capital Assets as per Revised Asset Register, compiled in terms of Audit Findings made in the Prior Year.

The prior year amounts for Property, Plant & Equipment, Amortisation & Depreciation and Impairment have been restated to correctly disclose the value of Capital Assets as per Revised Asset Register, compiled in terms of Audit Findings made in the Prior Year.

	Investment Property	Heritage Assets	Long-term Receivables
Balances previously published per AFS as at 30 June 2019	23 608 672	43 354	-
<b>Balances now published per AFS as at 30 June 2019</b>	<b>23 608 672</b>	<b>43 354</b>	<b>-</b>
Transactions incurred for the Year 2019/20	(64 177)	-	-
<b>Balances now published per AFS as at 30 June 2020</b>	<b>23 544 495</b>	<b>43 354</b>	<b>-</b>

**Heritage Assets:**

The opening balances for Property, Plant & Equipment and Accumulated Surplus have been restated to correctly disclose the value of Capital Assets as per Revised Asset Register, compiled in terms of Audit Findings made in the Prior Year.



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	Consumer Deposits	Payables from Exchange Transactions	Payables from Non-exchange Transactions
Balances previously published per AFS as at 30 June 2019	(674 021)	(7 485 934)	-
Reclassification in terms of mSCOA Chart	6 377	(6 377)	-
Correction of Errors:- Adjust Exchange Payables as per Working Papers	-	797 972	-
<b>Balances now published per AFS as at 30 June 2019</b>	<b>(667 644)</b>	<b>(6 694 339)</b>	<b>-</b>
Transactions incurred for the Year 2019/20	(40 802)	740 683	-
Reclassification in terms of mSCOA Chart	(400)	400	-
Correction of Errors:- Adjust Exchange Payables as per Working Papers Adjust Exchange Payables as per COMAF 30	-	(2 337 296) (2 497)	-
<b>Balances now published per AFS as at 30 June 2020</b>	<b>(708 846)</b>	<b>(8 293 049)</b>	<b>-</b>

**Payables from Exchange Transactions:**

The opening balances of Payables from Exchange Transactions have been restated to correctly disclose the value of Payables, restated in terms of prior year audit findings as per working papers prepared.

The prior year amounts of Payables from Exchange Transactions have been restated to correctly disclose the value of Payables, restated in terms of prior year audit findings as per working papers prepared.

Furthermore, the prior year amounts of Payables from Exchange Transactions have been restated to correctly disclose the value of Payables, restated in terms of COMAF 30 for Covid-19 Feeding Schemes expenditure.

	Unspent Conditional Grants and Receipts	VAT Payable	Lease Payables
Balances previously published per AFS as at 30 June 2019	(4 098 361)	-	(16 973)
<b>Balances now published per AFS as at 30 June 2019</b>	<b>(4 098 361)</b>	<b>-</b>	<b>(16 973)</b>
Transactions incurred for the Year 2019/20	(7 787 024)	-	10 748
<b>Balances now published per AFS as at 30 June 2020</b>	<b>(11 885 385)</b>	<b>-</b>	<b>(6 225)</b>

	Borrowings	Employee Benefit Liabilities	Provisions
Balances previously published per AFS as at 30 June 2019	-	(460 337)	(22 221 570)
Reclassification in terms of mSCOA Chart	-	330 732	1 317 978
Reclassification of Non-current Portion	-	-	19 242 452
<b>Balances now published per AFS as at 30 June 2019</b>	<b>-</b>	<b>(129 605)</b>	<b>(1 661 140)</b>
Transactions incurred for the Year 2019/20	-	53 337	(1 214 834)
Reclassification in terms of mSCOA Chart	-	(330 732)	213 223
Reclassification of Non-current Portion	-	-	739 978
<b>Balances now published per AFS as at 30 June 2020</b>	<b>-</b>	<b>(407 000)</b>	<b>(1 922 773)</b>

**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	Lease Payables	Borrowings	Employee Benefit Liabilities	Provisions
Balances previously published per AFS as at 30 June 2019	(6 225)	-	(4 431 428)	-
Reclassification in terms of mSCOA Chart	-	-	(330 732)	(1 317 978)
Reclassification of Non-current Portion	-	-	-	(19 242 452)
<b>Balances now published per AFS as at 30 June 2019</b>	<b>(6 225)</b>	<b>-</b>	<b>(4 762 160)</b>	<b>(20 560 430)</b>
Transactions incurred for the Year 2019/20	6 225	-	77 428	-
Reclassification in terms of mSCOA Chart	-	-	330 732	(213 223)
Reclassification of Non-current Portion	-	-	-	(739 978)
<b>Balances now published per AFS as at 30 June 2020</b>	<b>-</b>	<b>-</b>	<b>(4 354 060)</b>	<b>(21 513 631)</b>

**44.4 Reclassification of Cash Flow Statement**

Prior Year Amounts of items in the Cash Flow Statement have been restated as indicated below:

**Reclassification in terms of mSCOA Chart:**

The prior year amounts of indicated items in the Cash Flow Statement have been reclassified in terms of the mSCOA Item GUID's allocated to these items to agree to the data strings submitted to National Treasury. The net effect of these reclassifications is zero.

**Cash Flows from Operating Activities - Receipts:**

	Property Rates	Transfers & Subsidies	Service Charges
Balance previously reported	3 548 696	39 958 469	17 488 468
Reclassification in terms of mSCOA Chart	-	(1 670 932)	(24 394 302)
Correction of Errors:- Adjust Service Charges as per Working Papers	-	-	112 842
<b>Restated Balance now reported</b>	<b>3 548 696</b>	<b>38 281 537</b>	<b>(6 792 992)</b>

**Service Charges:**

The prior year amounts for Service Charges have been restated to correctly disclose the cash inflow from Service Charges, restated in terms of prior year audit findings as per working papers prepared.

	Interest & Dividends Received	Other Receipts	VAT Received
Balance previously reported	598 921	7 288 117	-
Reclassification in terms of mSCOA Chart	(81 940)	24 917 442	573 271
Correction of Errors:- Adjust Interest and Dividends Received as per Working Papers	92 881	-	-
Adjust Other Receipts as per Working Papers	-	(112 842)	-
<b>Restated Balance now reported</b>	<b>609 862</b>	<b>32 092 717</b>	<b>573 271</b>

**Interest Received:**

The prior year amounts for Interest Received have been restated to correctly disclose the cash inflow from Interest, restated in terms of prior year audit findings as per working papers prepared.

**Other Receipts:**

The prior year amounts for Other Receipts have been restated to correctly disclose the cash inflow from Other Receipts, restated in terms of prior year audit findings as per working papers prepared.





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**Cash Flows from Operating Activities - Payments:**

	Employee Related Costs	Remuneration of Councillors	Interest & Dividends Paid
Balance previously reported	(28 288 828)	-	(89 432)
Reclassification in terms of mSCOA Chart	3 177 567	(3 129 152)	79 663
<b>Restated Balance now reported</b>	<b>(25 111 261)</b>	<b>(3 129 152)</b>	<b>(9 769)</b>
	Suppliers Paid	Other Payments	VAT Paid
Balance previously reported	(27 695 035)	-	-
Reclassification in terms of mSCOA Chart	10 735 644	(10 105 818)	-
Correction of Errors:-			
Adjust Acquisition Cost of Capital Assets	(5)	-	-
Adjust Suppliers Paid as per Working Papers	2 152 486	-	-
Adjust Other Payments as per Working Papers	-	(2 152 486)	-
Adjust Expenditure as per COMAF 30	2 497	(2 497)	-
<b>Restated Balance now reported</b>	<b>(14 804 412)</b>	<b>(12 260 801)</b>	<b>-</b>

**Suppliers Paid:**

The prior year amounts for Suppliers Paid have been restated to correctly disclose expenditure incurred, adjusted in terms of Revised Asset Register compiled.

Furthermore, the prior year amounts for Suppliers Paid have been restated to correctly disclose the cash outflow from Suppliers Paid, restated in terms of prior year audit findings as per working papers prepared.

Furthermore, the prior year amounts for Suppliers Paid have been restated to correctly disclose the cash outflow from Suppliers Paid, restated in terms of COMAF 30.

**Other Payments:**

The prior year amounts for Other Payments have been restated to correctly disclose the cash outflow from Other Payments, restated in terms of prior year audit findings as per working papers prepared.

The prior year amounts for Other Payments have been restated to correctly disclose the cash outflow from Other Payments, restated in terms of COMAF 30.

**Cash Flows from Investing Activities:**

	Purchase of PPE	Purchase of Intangible Assets	Purchase of Investment Property
Balance previously reported	(7 347 571)	-	-
Correction of Errors:-			
Adjust Acquisition Cost of Capital Assets	5	-	-
Rounding Errors	(5)	-	-
<b>Restated Balance now reported</b>	<b>(7 347 571)</b>	<b>-</b>	<b>-</b>

**Purchase of Property, Plant and Equipment:**

The prior year amounts for Purchase of Property, Plant and Equipment have been restated to correctly disclose expenditure for the acquisition of assets, adjusted in terms of Revised Asset Register compiled.

	Proceeds on Disposal of PPE	Proceeds on Disposal Intangible Assets	Decrease / (Increase) in LT Receivables
Balance previously reported	54 636	-	-
Reclassification in terms of mSCOA Chart	(54 636)	-	-
<b>Restated Balance now reported</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**Cash Flows from Financing Activities:**

	Increase in Finance Leases (Leases Taken-on)	Decrease in Finance Leases (Leases Redeemed)	Increase in Borrowings (Loans Taken-on)	Decrease in Borrowings (Loans Redeemed)	Increase / Decrease in Consumer Deposits
Balance previously reported	-	(16 973)	-	-	40 802
Reclassification in terms of mSCOA Chart	-	-	-	-	(40 802)
<b>Restated Balance now reported</b>	<b>-</b>	<b>(16 973)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Net Increase / (Decrease) in Cash and Cash Equivalents:**

	Cash at Start of Period	Cash at Start of Period
Balance previously reported	6 551 627	12 091 897
Reclassification in terms of mSCOA Chart	-	-
Correction of Errors:- Adjust Cash as per Working Papers	(15 221)	77 660
<b>Restated Balance now reported</b>	<b>6 536 406</b>	<b>12 169 557</b>

**Change in Cash and Cash Equivalents:**

The prior year amounts for Change in Cash and Cash Equivalents have been restated to correctly disclose the cash inflow/outflow in Cash, restated in terms of prior year audit findings as per working papers prepared.

2021	2020
R	R

**45. CHANGE IN ACCOUNTING ESTIMATES**

**45.1 Post-retirement Health Care Benefits Liability Expenditure:**

The assumption for in-service non-members (ISNMs) that would join a medical aid scheme before retirement and continue to receive the subsidy post-employment was increased from 0% to 15% in the current year and affected the cost of the Post-retirement Health Care Benefits Liability for the 2020/21 financial year. The adjustments are as follows:

Increase in Vested Benefits	229 827	-
Increase in Current Service Cost	27 265	-
Increase in Actuarial Valuation	43 907	-
<b>Increase / (Decrease) in Post-retirement Health Care Benefits Liability Expenditure</b>	<b>301 000</b>	<b>-</b>

**46. CASH GENERATED BY OPERATIONS**

Surplus / (Deficit) for the Year		4 351 830	(3 015 898)
<b>Adjustment for Non-cash Transactions included in Surplus / (Deficit):</b>			
Transfers and Subsidies Received	Refer Note 22.1	(115 851)	-
Employee Related Costs	Refer Note 29.1	1 819 703	260 473
Depreciation and Amortisation	Refer Note 37.2	6 356 135	5 898 007
Impairment Losses	Refer Note 32.1	(177 016)	1 827 669
Interest, Dividends and Rent on Land	Refer Note 33.1	718 537	1 823 848
Contracted Services	Refer Note 35.1	-	(79 663)
Operational Costs	Refer Note 38.1	5 019 589	38 403
Gains on Other Operations	Refer Note 46.1	-	(1 004 207)
<b>Adjustment for Cash Transactions not included in Surplus / (Deficit):</b>			
Statutory Exchange Receivables- Bad Debts Written-off	Refer Note 6.4.1.	16 807 386	24 926 742
Expenditure from Current Employee Benefit Liabilities	Refer Note 16.1.1	(416 944)	-
Expenditure from Non-current Employee Benefit Liabilities	Refer Note 16.1.2	-	(129 605)
Expenditure from Current Provisions	Refer Note 17.1	(8 699)	-



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**Adjustment for Non-cash Transactions included in Working Capital:**

Decrease/(Increase) in Impairment of Exchange Receivables	Refer Note 3.4	49 746	(819 195)
Decrease/(Increase) in Impairment of Statutory Non-exchange Receivables	Refer Note 6.4	(17 042 453)	(25 442 080)

**Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow:**

Gains / (Losses) on Disposal of Capital Assets	Refer Note 47.1	263 140	8 079
Minor Variance on Impairment		1 101 936	(293 136)
Minor Variance on Depreciation		-	5
Minor Variance on Other Non-cash Transactions		68 711	174 820

<b>Operating Surplus before Working Capital Changes</b>		<b>19 596 051</b>	<b>3 974 261</b>
Decrease/(Increase) in Inventories		(52 076)	339 717
Decrease/(Increase) in Receivables from Exchange Transactions		33 415	(87 225)
Decrease/(Increase) in Statutory Receivables from Exchange Transactions		(757 198)	573 271
Decrease/(Increase) in Receivables from Non-exchange Transactions		21 340	(21 340)
Decrease/(Increase) in Statutory Receivables from Non-exchange Transactions		(1 287 377)	(1 227 925)
Increase/(Decrease) in Consumer Deposits		90 822	41 202
Increase/(Decrease) in Payables from Exchange Transactions		4 253 151	1 598 710
Increase/(Decrease) in Unspent Conditional Grants and Receipts		(3 484 371)	7 787 024
Increase/(Decrease) in Operating Lease Payables		743	-
<b>Cash Generated by / (Utilised in) Operations</b>		<b>18 414 500</b>	<b>12 997 694</b>

**47. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**47.1 Unauthorised Expenditure**

Reconciliation of Unauthorised Expenditure:

Opening Balance:	12 554 957	8 388 063
Unauthorised Expenditure Current Year:	10 299 062	4 166 894
Unauthorised Expenditure awaiting authorisation	<b>22 854 019</b>	<b>12 554 957</b>

Incident	Disciplinary Steps / Criminal Proceedings
<b>Budgeted votes exceeded:-</b>	
- Finance and Administration - R2 886 544 (2020: R1 505 991)	To be condoned by Council // No disciplinary steps taken
- Housing - R0 (2020: R19 928)	To be condoned by Council // No disciplinary steps taken
- Road Transport - R1 589 663 (2020: R0)	To be condoned by Council // No disciplinary steps taken
- Energy Sources - R1 072 550 (2020: R165 889)	To be condoned by Council // No disciplinary steps taken
- Waste Water Management - R268 629 (2020: R0)	To be condoned by Council // No disciplinary steps taken
- Water Management - R321 469 (2020: R481 215)	To be condoned by Council // No disciplinary steps taken
- Capital Expenses - R4 160 207 (2020: R1 993 871)	To be condoned by Council // No disciplinary steps taken

**47.2 Fruitless and Wasteful Expenditure**

Reconciliation of Fruitless and Wasteful Expenditure:

Opening Balance	368 292	170 835
Fruitless and Wasteful Expenditure	728 865	197 457
- Current Year	369 444	197 457
- Prior Year	359 421	-
Fruitless and Wasteful Expenditure awaiting condonement	<b>1 097 157</b>	<b>368 292</b>

Incident	Disciplinary Steps / Criminal Proceedings
Interest and penalties on late payment of trade creditors - R369 587 (2020: R6 274)	Currently None - subject to possible future investigation
Interest on late submission of VAT201 - R0 (2020: R79 663)	Currently None - subject to possible future investigation
Penalties on late submission of VAT201 - R0 (2020: R109 520)	Currently None - subject to possible future investigation
Adjustment for Interest - R-124 (2020: R0)	Currently None - subject to possible future investigation



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	2021 R	2020 R
<b>47.3 Irregular Expenditure</b>		
Reconciliation of Irregular Expenditure:		
Opening Balance:	82 586 300	68 220 443
Irregular Expenditure Current Year:	13 860 537	14 365 857
Irregular Expenditure awaiting condonation	<u>96 446 838</u>	<u>82 586 300</u>

**Current Year:**

Incident	Deviation	Disciplinary Steps / Criminal Proceedings
Non-compliance with Municipal SCM Regulations:		
- Regulation 8 - R1 953 922 (2020: R0)	Specific conditions regarding locally produced	None
- Regulation 13 (b), (c) & 36 - R427 611 (2020: R0)	Preconditions for consideration of written quotations or bids not adhered to // Continuation of irregular contracts and deviations of SCM procedures	None
- Regulation 14 - R0 (2020: R22 732)	Supplier not registered on CSD / Accredited Supplier Database	None
- Regulation 16 - R352 336 (2020: R0)	Request for Quotations processes not followed	None
- Regulation 17(1) - R0 (2020: R74 383)	3 Quotations were not obtained	None
- Regulation 17(2) - R101 759 (2020: R0)	Formal Written Prize Quotations processes not followed	None
- Regulation 19 - R4 408 268 (2020: R7 244 294)	Contract not awarded through a competitive bidding process	None
- Regulation 32 - R6 323 181 (2020: R6 856 047)	Goods and services were procured under contracts secured by other organs of State	None
- Regulation 36 - R228 908 (2020: R0)	Continuation of irregular contracts and deviations of SCM procedures	None
- Regulation 44 - R0 (2020: R24 270)	Director of supplier in the service of the State	None
Non-compliance with Municipal Systems		
- Section 67(1) - R64 552 (2020: R144 131)	Ensure fair, efficient, effective and transparent personnel administration	None

**48. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION**

**48.1 MUNICIPAL FINANCE MANAGEMENT ACT**

**48.1.1 Contributions to Organised Local Government - SALGA**

Opening Balance	500 000	125 807
Council Subscriptions	500 000	500 000
Amount Paid - previous years	(500 000)	(125 807)
<b>Balance Unpaid (included in Creditors)</b>	<u>500 000</u>	<u>500 000</u>

The balance unpaid represents the municipal subscriptions for the prior financial year and is payable in the following financial year

**48.1.2 Pension and Medical Aid Deductions**

Opening Balance	-	-
Current Year Contributions	5 667 145	5 056 747
Amount Paid - current year	(5 667 145)	(5 056 747)
<b>Balance Unpaid (included in Creditors)</b>	<u>-</u>	<u>-</u>

The prior year's amounts have been restated due to recalculations done on documentation submitted



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	2021 R	2020 R
<b>48.1.3 Audit Fees</b>		
Opening Balance	4 379 225	2 300 242
Current year Audit Fees	3 105 790	3 487 323
Amount Paid - previous years	(1 100 000)	(1 418 339)
<b>Balance Unpaid (included in Creditors)</b>	<u><u>6 385 015</u></u>	<u><u>4 379 225</u></u>

The prior year's amounts have been restated due to recalculations done on documentation submitted.

**48.1.4 PAYE, Skills Development Levy and UIF**

Opening Balance	9 374	-
Current year Payroll Deductions	4 578 070	4 029 409
Amount Paid - current year	(4 578 070)	(4 020 036)
<b>Balance Unpaid (included in Creditors)</b>	<u><u>9 373</u></u>	<u><u>9 374</u></u>

**48.1.5 VAT**

The net of VAT input receivables and VAT output payables are shown in Note 7. All VAT returns have not been submitted by the due date throughout the year, resulting in penalties and fines being charged by SARS against the municipality."

**48.1.6 Councillor's arrear Consumer Accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June:

	Total	Outstanding up to 90 days	Outstanding more than 90 days
<b>30 June 2021</b>			
Councillor I Brown	54 715	1 495	53 219
<b>Total Councillor Arrear Consumer Accounts</b>	<u><u>54 715</u></u>	<u><u>1 495</u></u>	<u><u>53 219</u></u>
<b>30 June 2020</b>			
Councillor I Brown	53 219	-	53 219
Councillor M Gouws	389	-	389
<b>Total Councillor Arrear Consumer Accounts</b>	<u><u>53 608</u></u>	<u><u>-</u></u>	<u><u>53 608</u></u>

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

	Highest amount outstanding	Ageing
<b>30 June 2021</b>		
Councillor I Brown	53 219	> 90 Days
<b>30 June 2020</b>		
Councillor I Brown	53 219	> 90 Days
Councillor M Gouws	389	> 90 Days

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**48.1.7 Deviation from, and ratification of minor breaches of, the Procurement Processes**

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

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

**30 June 2021**

Commodity	Tenderer	Reason	Amount
Goods / Services	Various (18)	Exceptional case where it is impractical or impossible to follow the official procurement processes (*)	6 158 708
Goods / Services	Various (2)	Emergency	26 828
<b>Total:</b>			<b>6 185 536</b>

(\*) The amount does not include 4 cases in respect of services where the amount is based on a rate.

**30 June 2020**

Department	Tenderer	Reason	Amount
Goods / Services	Various (5)	Exceptional case where it is impractical or impossible to follow the official procurement processes (*)	808 844
Goods / Services	Various (12)	Emergency	1 093 636
<b>Total:</b>			<b>1 702 480</b>

**48.1.8 (d)(i) of the MFMA**

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

**Electricity:**

		Lost Units	Tariff	Value
30 June 2021	Unaccounted Electricity Losses	<u>536 224</u>	<u>1.8510</u>	<u>992 529</u>
30 June 2020	Unaccounted Electricity Losses	<u>551 922</u>	<u>2.2916</u>	<u>1 264 774</u>

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



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	2021 R	2020 R
<b>Volumes in kWh/year:</b>		
System Input Volume	7 733 847	7 400 946
Billed Consumption	<u>7 197 023</u>	<u>6 849 024</u>
	<u>536 224</u>	<u>551 922</u>
Percentage Distribution Loss	6.93%	7.46%

**Water:**

		Lost Units	Tariff	Value
<b>30 June 2021</b>	Unaccounted Water Losses	<u>170 303</u>	<u>10.0077</u>	<u>1 704 341</u>
<b>30 June 2020</b>	Unaccounted Water Losses	<u>166 985</u>	<u>12.6359</u>	<u>2 110 000</u>

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

**Volumes in Klt/year:**

System input Volume	453 470	419 195
Billed Consumption	<u>283 167</u>	<u>252 210</u>
Distribution Loss	<u>170 303</u>	<u>166 985</u>
Percentage Distribution Loss	37.56%	39.83%

**49. COMMITMENTS FOR EXPENDITURE**

**49.1 Capital Commitments**

- Approved and Contracted for:-	462 202	1 620 338
Infrastructure	<u>462 202</u>	<u>1 620 338</u>
<b>Total Capital Commitments</b>	<u>462 202</u>	<u>1 620 338</u>
 This expenditure will be financed from:		
Government Grants	462 202	1 620 338
	<u>462 202</u>	<u>1 620 338</u>

The Capital Commitments are VAT inclusive.



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	2021 R	2020 R
<b>50. FINANCIAL INSTRUMENTS</b>		
<b>50.1 Classification</b>		
<b>FINANCIAL ASSETS:</b>		
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:		
<b>Financial Assets at Amortised Cost:</b>		
Receivables from Exchange Transactions	Electricity	722 996
Receivables from Exchange Transactions	Refuse	931 797
Receivables from Exchange Transactions	Sewerage	97 990
Receivables from Exchange Transactions	Merchandising, Jobbing and Contracts	(231 885)
Receivables from Exchange Transactions	Other Service Charges	(421 435)
Receivables from Exchange Transactions	Water	9 690
Receivables from Exchange Transactions	Property Rental Debtors	(229 996)
Receivables from Exchange Transactions	Housing Selling Scheme	1 145 501
Receivables from Exchange Transactions	Other Debtors	(187 342)
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	(28 915)
Receivables from Exchange Transactions	Deposits for Land	235 170
Receivables from Exchange Transactions	Accrued Income	(30 693)
Receivables from Non-exchange Transactions	Cash Floats and Advances	982 577
	Call Deposits	39 084
	Bank Balances	40 233
	Cash Deposits	2 086 834
	Bank Balances	1 960 797
	Cash Floats and Advances	21 340
	Cash Deposits	1 775 039
	Bank Balances	1 699 958
	Cash Floats and Advances	7 838 744
	Cash Deposits	10 466 749
	Bank Balances	2 900
	Cash Floats and Advances	2 850
<b>Total Financial Assets</b>	<b>14 298 202</b>	<b>16 905 832</b>
<b>FINANCIAL LIABILITIES:</b>		
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:		
<b>Financial Liabilities at Amortised Cost:</b>		
Non-current Finance Lease Obligations	Non-current Finance Lease Obligations	6 225
Consumer Deposits	Electricity	245 881
Consumer Deposits	Water	258 500
Consumer Deposits	Other Deposits	424 876
Payables from Exchange Transactions	Other Payables	128 912
Payables from Exchange Transactions	Retentions	84 491
Payables from Exchange Transactions	Trade Creditors	388 051
Unspent Conditional Grants and Receipts	District Municipalities	11 776 649
Unspent Conditional Grants and Receipts	National Government	34 876
Unspent Conditional Grants and Receipts	Provincial Government	681 491
Current Finance Lease Obligations	Current Finance Lease Obligations	7 238 202
	(0)	400 000
	(0)	7 502 990
	(0)	4 734 494
	(0)	6 750 891
	(0)	6 225
<b>Total Financial Liabilities</b>	<b>21 449 872</b>	<b>20 561 050</b>

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

**50.2 Capital Risk Management**

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 18, and the Statement of Changes in Net Assets.



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<u>Gearing Ratio</u>	2021 R	2020 R
The gearing ratio at the year-end was as follows:		
Debt	(0)	12 449
Cash and Cash Equivalents	(1 777 939)	(1 702 808)
Net Debt	(1 777 939)	(1 690 356)
Equity	170 840 358	166 488 528
Net debt to equity ratio	-1.04%	-1.02%

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

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

#### 50.3 Financial Risk Management Objectives

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

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

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

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

Further quantitative disclosures are included throughout these Annual Financial Statements.

#### 50.4 Significant Risks

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

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

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

Risks and exposures are disclosed as follows:

##### Market Risk

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

##### Credit Risk

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

**Liquidity Risk**

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

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

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 50.8 to the Annual Financial Statements.

**50.5 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 50.7 below). No formal policy exists to hedge volatilities in the interest rate market.

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

**50.5.1 Foreign Currency Risk Management**

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

**50.5.2 Interest Rate Risk Management**

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

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

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

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

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

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

**Interest Rate Sensitivity Analysis**

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 25 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 50.8 below.

**Cash and Cash Equivalents:**

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

- Surplus for the year ended 30 June 2021 would have increased / decreased by R27 226 (30 June 2020: R23 375). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.



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**50.6 Credit Risk Management**

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

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

**Investments/Bank, Cash and Cash Equivalents**

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

**Trade and Other Receivables**

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

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

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

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

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

Counterparty and Location	30 June 2021		30 June 2020	
	Credit Limit	Carrying Amount	Credit Limit	Carrying Amount
	R	R	R	R
Child Welfare of South Africa	-	412 581	-	397 120
National Government of the RSA	-	345 604	-	167 429
Central Karoo FIF Project	-	158 917	-	155 980
Department of Home Affairs	-	140 187	-	147 188
DJ Bothma Trust	-	113 607	-	-
Huis Karoo	-	-	-	156 300
			2021	2020
			R	R

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Receivables from Exchange Transactions	8 488 059	8 571 821
Receivables from Non-exchange Transactions	-	21 340
Bank, Cash and Cash Equivalents	9 816 683	12 169 557
<b>Maximum Credit and interest Risk Exposure</b>	<b>18 105 342</b>	<b>20 762 718</b>

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

%	%
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Exchange Debtors.		
- Service Debtors	56.04%	62.72%
- Other Receivables	7.33%	13.38%
- Other Debtors	11.58%	0.45%
- Other Minor Classes	25.06%	23.20%
Non-Exchange Debtors.		
- Other not Classified	0.00%	0.25%

<b>Total Credit Risk</b>	<b>100.00%</b>	<b>100.00%</b>
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**Bank and Cash Balances**

ABSA Bank Ltd	R 275 015	10 358 648
Standard Bank	1 338 768	1 806 059
Cash Equivalents	2 900	2 850

<b>Total Bank and Cash Balances</b>	<b>9 616 683</b>	<b>12 169 557</b>
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**Credit quality of Financial Assets:**

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

**Receivables from Exchange Transactions**

Counterparties without external credit rating -

High	2 579 872	2 320 159
Medium	914 943	918 929
Low	-	-

	3 494 815	3 239 089
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**Total Receivables from Exchange Transactions**

	3 494 815	3 239 089
--	-----------	-----------

**Receivables from Non-exchange Transactions**

High	-	21 340
Medium	-	-
Low	-	-

	-	21 340
--	---	--------

**Total Receivables from Non-exchange Transactions**

**Credit quality Groupings:**

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

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

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

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



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**50. FINANCIAL INSTRUMENTS (Continued)**

**50.1 Liquidity Risk Management**

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

**Liquidity and Interest Risk Tables**

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

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

Description	Note ref in AFS #	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years	More than 5 Years R
<b>30 June 2021</b>								
Non-interest Bearing		0.00%	21 449 872	21 449 872	-	-	-	-
- Consumer Deposits			799 668	799 668	-	-	-	-
- Payables from Exchange transactions			12 249 190	12 249 190	-	-	-	-
- Unspent Conditional Grants and Receipts			8 401 013	8 401 013	-	-	-	-
Fixed Interest Rate Instruments			-	-	-	-	-	-
- Non-current Finance Lease Obligations		10.90%	-	-	-	-	-	-
- Current Finance Lease Obligations		10.90%	-	-	-	-	-	-
			<b>21 449 872</b>	<b>21 449 872</b>	-	-	-	-
<b>30 June 2020</b>								
Non-interest Bearing		0.00%	20 548 601	20 548 601	-	-	-	-
- Consumer Deposits			708 846	708 846	-	-	-	-
- Payables from Exchange transactions			7 954 370	7 954 370	-	-	-	-
- Unspent Conditional Grants and Receipts			11 885 385	11 885 385	-	-	-	-
Fixed Interest Rate Instruments			12 449	12 449	-	-	-	-
- Non-current Finance Lease Obligations		10.90%	6 225	6 225	-	-	-	-
- Current Finance Lease Obligations		10.90%	6 225	6 225	-	-	-	-
			<b>20 561 050</b>	<b>20 561 050</b>	-	-	-	-

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

Description	Note ref in AFS #	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years	More than 5 Years R
<b>30 June 2021</b>								
Non-interest Bearing		0.00%	4 684 420	4 684 420	-	-	-	-
- Trade Receivables from Exchange Transactions			4 681 520	4 681 520	-	-	-	-
- Cash and Cash Equivalents			2 900	2 900	-	-	-	-
Variable Interest Rate Instruments		2.62%	9 613 783	9 613 783	-	-	-	-
- Call Deposits			1 775 039	1 775 039	-	-	-	-
- Bank Account			7 838 744	7 838 744	-	-	-	-
			<b>14 298 202</b>	<b>14 298 202</b>	-	-	-	-
<b>30 June 2020</b>								
Non-interest Bearing		0.00%	4 739 125	4 739 125	-	-	-	-
- Trade Receivables from Exchange Transactions			4 714 935	4 714 935	-	-	-	-
- Trade Receivables from Non-exchange Transactions			21 340	21 340	-	-	-	-
- Cash and Cash Equivalents			2 850	2 850	-	-	-	-
Variable Interest Rate Instruments		6.52%	12 166 707	12 166 707	-	-	-	-
- Call Deposits			1 699 968	1 699 968	-	-	-	-
- Bank Account			10 466 749	10 466 749	-	-	-	-
			<b>16 905 832</b>	<b>16 905 832</b>	-	-	-	-

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

**50.2 Other Price Risks**

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



**51. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

The municipality does not make provision for post-retirement benefits to councillors. However, one councillor belongs to a pension fund but no contributions are made by the municipality on behalf of the councillor to the fund.

The municipality makes provision for post-retirement benefits to eligible employees, who belong to different pension schemes. Employees belong to a variety of approved Pension and Provident Funds as described below.

Council contributes to the LA Retirement Fund, a defined contribution scheme, and the Consolidated Retirement Fund for Local Government, LA Retirement Fund, National Fund for Municipal Workers and SAMWU National Provident Fund, which are defined contribution funds. In terms of the schemes' rules, pension is being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

These funds are governed by the Pension Funds Act, 1956, and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R2 615 982 (2020: R2 395 967) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

**51.1 DEFINED BENEFIT SCHEMES**

**LA Retirement Fund, previously Cape Joint Pension Fund (Defined Benefit Scheme):**

The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2018.

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2018 disclosed an actuarial valuation amounting to R1 776 (2017: R1 859) million, with a surplus of R63 (2017: R47) million, with a funding level of 103.7% (2017: 102.6%).

**51.2 DEFINED CONTRIBUTION SCHEMES**

**Consolidated Retirement Fund for Local Government (previously Cape Joint Retirement Fund):**

The scheme is subject to an tri-annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2018.

The statutory valuation performed as at 30 June 2018 revealed that the assets of the fund amounted to R24 108 (30 June 2017: R21 359) million, with funding levels of 100.4% and 128.0% (2017: 100.0% and 127.3%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (7.5% or 9.0%) and the municipalities (19.50%) is sufficient to fund the benefits accruing from the fund in the future.

**LA Retirement Fund (previously Cape Joint Pension Fund):**

The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2018.

The actuarial valuation report at 30 June 2018 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R2 018 (2017: R1 912) million, net investment reserve of R0 (2017: R0) million and a funding level of 100.0% (2017: 100.0%).

**Municipal Workers Retirement Fund (previously South African Municipal Workers' Union Provident Fund):**

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2017.

The contribution rate payable is not less than 7.5% by the members and 18% by their councils. As from 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates.

The actuarial valuation report at 30 June 2017 disclosed assets amounting to R7 721 (2014: R6 575) million, with a funding level of 102.0% (2014: 111.7%). The Fund's assets are sufficient to cover the members' Fund Credits. The Fund is therefore in a sound financial position.



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**National Fund for Municipal Workers - Provident Fund:**

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2019.

Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. Employers contribute at a total rate of not less than 18%. The statutory valuation performed as at 30 June 2019 revealed that the net assets of the fund amounted to R17 107,087 (30 June 2018 : R15 393,671) million, with funding levels of 100.40% (30 June 2018: 100.46%).

The fund is in the process of amending its rules to give the ability to self-insure all or part of the risk benefits, which is not inappropriate given the membership structure of the fund. Consideration must, however, be given to both the financial and operational implications for the Fund, its administrator as well as the various participating employers.

The Fund operates in such a way that no actuarial surplus may arise and any surpluses which arise, are distributed annually amongst all the members.

None of the above mentioned plans are State Plans

**52. RELATED PARTY TRANSACTIONS**

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

**52.1 Interest of Related Parties**

The following Councillors and/or Management of the municipality and/or close family members of Councillors / Management have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
W Du P Theron	Councillor	Director of Dwars-in-die-Weg Boerdery (Edms) Bpk; Director with shareholding at Koup Producente Koöp Korporasie
C Hendrikse (Spouse of)	Manager	Director at Hammal and Hendrikse Enterprise Ltd (Pty)

The following Councillors and/or Management of the municipality and/or close family members of Councillors / Management have relationships with businesses in final deregistration:

Name of Related Person	Designation	Description of Related Party Relationship
KJ Gerise	Snr SCM Officer	Director of GP2 Development Enterprises

**52.2 Services rendered to Related Parties**

During the year the Municipality rendered services to the following related parties that are related to the Municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
Councillors	94 612	20 903	20 299	56 888
Municipal Manager and Other Senior Personnel	133 238	6 880	131 642	-
<b>Total Services</b>	<b>227 850</b>	<b>27 783</b>	<b>151 941</b>	<b>56 888</b>
Councillors	63 176	16 180	68 910	60 263
Municipal Manager and Other Senior Personnel	111 161	5 984	112 487	-
<b>Total Services</b>	<b>174 337</b>	<b>22 163</b>	<b>181 397</b>	<b>60 263</b>

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Key Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

**52.3 Loans granted to Related Parties**

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by the municipality.

**52.4 Compensation of Related Parties**

Compensation of Key Management Personnel and Councillors is set out in Notes 29.3, 29.4 and 30 to the Annual Financial Statements.

**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	2021 R	2020 R
<b>53. CONTINGENT LIABILITIES</b>		
53.1 Court Proceedings:	<u>585 671</u>	<u>585 671</u>
(i) Claim for Services Rendered: Phambili Civils lodged a claim against the municipality for services rendered that is payable in respect of a contract. Settlement negotiations were unsuccessful and the matter was referred for arbitration. Legal costs is estimated at R60 000. The outcome of the matter is still uncertain.	585 671	585 671

<b>54. CONTINGENT ASSETS</b>		
54.1 Insurance Claims:	<u>202 860</u>	<u>-</u>
(i) Lost / Damaged Assets. The municipality has claims outstanding against its insurers for lost and/or damaged assets. The management believe that it is probable that the claims will be successful and that compensation of R202 860 (2020: R0) will be recovered.	202 860	-

**55. COMPARATIVE FIGURES**

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 44.).

**56. OTHER EXTRA-ORDINARY DISCLOSURES**

**56.1 COVID-19 EXPENDITURE**

**COVID-19 in South Africa**

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

	2021 R	2020 R
The table below indicates the total COVID-19 response expenditure (inclusive of VAT where applicable) for the period ending 30 June 2021:		
<b>COVID-19 EXPENDITURE</b>		
Operating Expenditure		
Materials and supplies	653 880	460 246
<b>Total Operating Expenditure</b>	<u>653 880</u>	<u>460 246</u>
<b>Total COVID-19 Expenditure</b>	<u>653 880</u>	<u>460 246</u>

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

	2021 R	2020 R
<b>COVID-19 FUNDING</b>		
Funding Sources for COVID-19 Expenditure		
Municipal Disaster Relief Grant (MDRG)	272 562	-
Safety Response to Covid-19 Grant (CKDM)	381 319	-
Additional Equitable Share	-	107 039
Provincial Local Government Support Grant	-	353 207
<b>Total Funding for COVID-19 Expenditure</b>	<u>653 880</u>	<u>460 246</u>





57. GOING CONCERN ASSESSMENT

The COVID-19 pandemic continues to have a devastating impact on the macro economy and a significant component of the institutions which operate therein. The municipality has not been immune to the impact of the pandemic. The impact and duration of the COVID-19 pandemic in the Province and Laingsburg's jurisdiction is uncertain at the date of this submission. Management of the municipality is however of the opinion that regardless of the possible effect of the COVID-19 pandemic, the municipality will continue to operate for the foreseeable future, which is usually regarded as at least the next 12 months from the reporting date, however not limited to this timeframe.

Management also considered the following matters in relation to the Going Concern position of Laingsburg Municipality.

(i) On 27 May 2020 the Council adopted the 2020/21 to 2022/23 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an on-going inflow of revenue to support the on-going delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

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



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**50. SEGMENT REPORTING**

The municipality prepares the individual activity segments into business units, based on the nature of activities and the services they provide. The municipality has seven primary reportable segments:

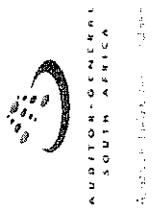
- **The segment for Municipal Governance and Administration Services:**
  - This segment consists of services such as executive services, support services, the council and mayor's office, information services.
- **The segment for Community and Public Safety Services:**
  - This segment consists of all services for community & social development, public safety and sport & recreation.
- **The segment for Housing Services:**
  - This segment consists of all services for the provision of housing in the community.
- **The segment for Health Services:**
  - This segment consists of all services for the provision of health to the community.
- **The segment for Economic and Environmental Services:**
  - This segment consists of environmental services such as planning & development, environmental projects and roads & clean water.
- **The segment for Trading Services:**
  - This segment consists of the following trade-related services delivered to the community:
- **The segment for Energy Services:**
  - This segment consists of all services for energy supply to the community.
- **The segment for Waste Management:**
  - This segment consists of all services for the management of solid waste in the municipality.
- **The segment for Water Management:**
  - This segment consists of all services for the management of water, including sewerage & the municipal area.
- **The segment for Water Management:**
  - This segment consists of all services for water supply to the community.
- **The segment for Other Services:**
  - This segment consists of other services provided in the municipal jurisdiction area.

No municipality financial reporting segments have been identified to form the above reportable operating segments. Management measures the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on non-financial metrics and the segment's operating surplus or deficit. Included in surplus or deficit are not allocated to operating segments financial assets and liabilities. However, the municipality's financing including finance costs and finance income and revenue from loans are included on a gross basis and are not allocated to operating segments.

Other business unit activities are set off against each other as internal charges and not reported in segment reporting. This quality of services provided internally is measured in part at the relevant performance information.

Word	Area
1	Ward 1 (Ward of Laingsburg) and surrounding farms

The municipality does however not measure operating results for these geographical segments and offer a broad result and only information within the business unit, as previously disclosed.



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

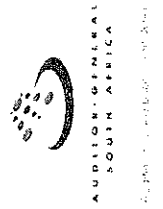
56.1 Segmental Analysis of Financial Performance

Description	Year Ended 30 June 2021														
	Executive and Council	Finance and Administration	Community and Social Services	Public Safety	Sport and Recreation	Housing	Health	Planning and Development	Road Transport	Energy Sources	Waste Management	Works Water Management	Water Management	Other	Total for Municipality
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>REVENUE</b>															
Revenue from Non-exchange Transactions															
Property Rates		4 453 576													4 453 576
Fines, Penalties and Forfeiture			400												400
Markets and Stalls		31 046 065	1 482 800		711 950				1 357 800	4 046 975	1 124 756	1 360 463	7 861 921		50 516 675
Interest, Dividends and Fees on Loans Extended		51 620													51 620
<b>Revenue from Exchange Transactions</b>															
Leases and Permits				263 462											263 462
Service Charges		8 577													8 577
Sales of Goods and Rendering of Services		133 349	24 727						28 699	14 506 656	1 626 447	1 746 052	1 203 636	20 173 251	
Income from Sporting Services		156 164													156 164
Income from Award Shows		1 517 947			309				86 462						1 604 718
Interest Earnings and Fees on Loans Extended		459 429													459 429
Operational Revenue		17 194													17 194
<b>Total Revenue</b>		<b>38 488 261</b>	<b>1 634 220</b>	<b>20 532 366</b>	<b>711 653</b>	<b>17 656</b>		<b>4 418 563</b>	<b>18 448 131</b>	<b>2 762 593</b>	<b>3 286 814</b>	<b>3 026 814</b>	<b>10 010 641</b>		<b>97 978 001</b>
<b>EXPENDITURE</b>															
Employee Related Costs	3 622 406	4 042 040	1 203 229	3 401 041	101 765			649 062	9 214 101	960 282	1 854 521	1 549 868	1 549 868	287 967	29 795 039
Contributions to Councils	3 104 345								2 814 040	4 164	1 024 067	1 204 202	1 204 202		3 124 342
Operational and Amortisation	637 892	208 563		16 814 776					59 300	1 52 822	1 304 221	1 304 221	1 304 221		9 308 185
Performance Costs		480 967								627 537					1 108 504
Interest, Leases and Fees on Loans															1 732 209
Other Contributions															10 238 052
Contract Services	94 234	4 132 262		106 527	2 743			38 696	2 38 164	302 672	159 752	311 159	311 159	53 428	8 445 874
Grants and Subsidies	17 255	464 605	10 556	138 956	21 044			13 561	153 754	248 814	59 469	621 701	621 701	1 423	2 352 640
Transfer of Funds	1 075	490 000								417 465					1 562 480
Operating Expenses		17 486 553	53 056	246 326	62 877			1 635	566 415	1 177 149	2 177 149	483 615	483 615	21 009	16 646 234
Depreciation Costs		353 160													353 160
Loss on Disposal of Property, Plant and Equipment															
<b>Total Expenditure</b>	<b>7 954 467</b>	<b>20 655 351</b>	<b>1 347 303</b>	<b>21 356 556</b>	<b>246 685</b>	<b>6 862</b>		<b>627 562</b>	<b>11 938 946</b>	<b>2 040 795</b>	<b>2 543 525</b>	<b>4 635 704</b>	<b>4 635 704</b>	<b>307 155</b>	<b>50 628 079</b>
<b>OTHER REVENUE - EXPENDITURE INCURRED</b>															
Other Operations															
Fair Value Adjustments															
<b>Surplus (Deficit) for the Year</b>	<b>17 533 794</b>	<b>8 812 910</b>	<b>156 916</b>	<b>1 221 160</b>	<b>471 968</b>	<b>10 794</b>		<b>627 621</b>	<b>10 509 185</b>	<b>721 798</b>	<b>721 798</b>	<b>553 289</b>	<b>5 374 937</b>	<b>1 007 184 816</b>	<b>4 351 921</b>



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Year Ended 30 June 2021	Executive and Council	Finance and Administration	Community and Social Services	Public Safety	Sport and Recreation	Housing	Health	Planning and Development	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>REVENUE</b>															
Revenue from Non-exchange Transactions															
Property Rates	2 464 871	4 132 303	1 314	30 176 024					1 228 630	1 108 309	1 019 665	1 144 820	2 522 719		4 162 455
Fees, Fines and Forfeits															30 177 248
Transfer and Subsidies		31 609 484	1 251 400												39 494 513
Interest, Dividends and Rental Income		134 036													136 096
<b>Revenue from Exchange Transactions</b>															
Services Charge		6 863	13 950	513 151											513 151
Sales of Goods and Rendering of Services		40 895					376		46 884	13 461 264	1 447 862	1 741 454	2 266 326		18 795 582
Revenue from Financial Assets		133 237													133 237
Interest, Dividends and Rental Income		1 441 140			1 166				27 360						1 470 506
Operational Revenue		65 230													65 230
<b>Total Revenue</b>	<b>2 464 871</b>	<b>26 300 533</b>	<b>1 265 210</b>	<b>30 689 145</b>	<b>1 167</b>	<b>192 237</b>	<b>376</b>		<b>1 311 543</b>	<b>11 523 722</b>	<b>2 434 157</b>	<b>2 882 284</b>	<b>4 728 774</b>		<b>87 075 882</b>
<b>EXPENDITURE</b>															
Employee Pensions	1 116 210	6 741 716	1 062 012	2 720 146	151 959			346 036	7 636 870		635 487	977 365	1 471 817	256 370	25 265 544
Retirement Contributions	3 150 152	636 927							2 661 504	261 668	4 167	1 075 319	897 122		3 129 142
Depreciation and Amortisation	165 439	6 440 139		24 076 423		277 113				82 401	148 084	168 370	343 655		5 636 037
Finance, Development and Non-Financial Assets		1 843 212													1 843 212
Transfer to Other Departments	44 370	3 708 860	13 365	326 511	1 130		49 694		164 041	9 340 441	217 564	98 115	452 516		9 340 441
Transfer to Other Municipalities	48 440	1 255 151		134 869	23 448		5 453		270 426	174 565	383 375	60 773	510 112		5 453 254
Transfer and Subsidies Paid	2 659	379 242	35 872							59 652				62 512	1 982 724
Provisional Liabilities		424 633													424 633
Provisional Assets		7 715 562	62 548	1 036 011	39 571		25 304		463 592	176 393	32 434	174 379	373 218	16 391	11 328 258
Cost of Depreciation of Property, Plant and Equipment	508 026	11 073						47 114							508 026
<b>Total Expenditure</b>	<b>1 934 954</b>	<b>22 441 716</b>	<b>1 194 027</b>	<b>29 631 881</b>	<b>220 494</b>	<b>277 133</b>	<b>10 506</b>	<b>414 046</b>	<b>11 409 137</b>	<b>10 160 450</b>	<b>1 383 194</b>	<b>2 592 219</b>	<b>3 930 236</b>	<b>352 362</b>	<b>91 065 981</b>
<b>OTHER REVENUE / EXPENDITURE INCURRED</b>															
Other Operations:															
Gain/Loss on Disposal of Assets															1 664 267
Gain/Loss on Disposal of Assets															1 664 267
<b>Surplus/(Deficit) for the Year</b>	<b>(4 691 084)</b>	<b>3 858 817</b>	<b>72 192</b>	<b>1 057 264</b>	<b>(219 327)</b>	<b>(84 896)</b>	<b>(10 130)</b>	<b>(177 000)</b>	<b>(10 087 594)</b>	<b>4 363 272</b>	<b>2 051 171</b>	<b>2 890 065</b>	<b>777 538 041</b>	<b>(152 241 541)</b>	<b>(10 015 898)</b>



**LAINGSBURG MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**56.2 Other Segmental Analysis Disclosures**

**Year Ended 30 June 2021**

Financial Position	Executive and Council	Finance and Administration	Community and Social Services	Public Safety	Sport and Recreation	Housing	Health	Planning and Development	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality	
<p>The 2021 transactions for the Financial Position that is separately consolidated, are analysed under the various departmental segments have been determined as follows:</p> <ul style="list-style-type: none"> <li>• Electricity</li> <li>• Fire</li> <li>• Sewerage</li> <li>• Water</li> </ul> <p>Statutory Accounting New South Wales Partnership Transactions</p> <ul style="list-style-type: none"> <li>• Rates</li> <li>• Property Taxes</li> <li>• Grants, Road and Equipment</li> <li>• Community, Sport and Recreation</li> <li>• Landfill, Assets</li> <li>• Planning and Development</li> <li>• Road Transport</li> </ul>																
<b>Total for Financial Position</b>		501,184		6,898,880						123,936	421,435	181,342			<b>7,770,951</b>	
<b>Capital Expenditure</b>																
<ul style="list-style-type: none"> <li>• Property, Plant and Equipment</li> <li>• Biological Assets</li> <li>• Investment Property</li> <li>• Intangible Assets</li> </ul>																
<b>Total for Capital Expenditure</b>																

**Year Ended 30 June 2020**

Financial Position	Executive and Council	Finance and Administration	Community and Social Services	Public Safety	Sport and Recreation	Housing	Health	Planning and Development	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality	
<p>The 2020 transactions for the Financial Position that is separately consolidated, are analysed under the various departmental segments have been determined as follows:</p> <ul style="list-style-type: none"> <li>• Electricity</li> <li>• Fire</li> <li>• Sewerage</li> <li>• Water</li> </ul> <p>Statutory Accounting New South Wales Partnership Transactions</p> <ul style="list-style-type: none"> <li>• Rates</li> <li>• Property Taxes</li> <li>• Grants, Plant and Equipment</li> <li>• Community, Sport and Recreation</li> <li>• Landfill, Assets</li> <li>• Planning and Development</li> <li>• Road Transport</li> </ul>																
<b>Total for Financial Position</b>		387,408		5,923,567						331,757	231,865	124,958	128,819		<b>7,177,728</b>	
<b>Capital Expenditure</b>																
<ul style="list-style-type: none"> <li>• Property, Plant and Equipment</li> <li>• Biological Assets</li> <li>• Investment Property</li> <li>• Intangible Assets</li> </ul>																
<b>Total for Capital Expenditure</b>																

