

PRINCE ALBERT MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2021

PRINCE ALBERT LOCAL MUNICIPALITY

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PRINCE ALBERT LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

GENERAL INFORMATION

NATURE OF BUSINESS

Prince Albert Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Prince Albert Municipality includes the following areas:

*Prince Albert
Klaarstroom
Leeu Gamka*

EXECUTIVE MAYOR

Mr G Lottering

DEPUTY MAYOR

Ms S Piedad

SPEAKER

Ms E Maans

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor
Speaker

*Mr G Lottering
Ms E Maans*

MUNICIPAL MANAGER

Mr Al Hendricks (Acting)

CHIEF FINANCIAL OFFICER

Vacant

REGISTERED OFFICE

*23 Church Street
Prince Albert
6730*

**Private Bag X53
PRINCE ALBERT
6730**

AUDITORS

Office of the Auditor-General (Western Cape)

PRINCE ALBERT LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

GENERAL INFORMATION

PRINCIPLE BANKERS

ABSA Bank, Prince Albert

ATTORNEYS

No appointed attorneys

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
SALBC Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

MEMBERS OF THE PRINCE ALBERT LOCAL MUNICIPALITY

WARD

1
2
3
4
Proportional
Proportional
Proportional

COUNCILLOR

Ms E Maans
Ms L Jaquet
Mr G Lottering
Ms MD Jaftha
Mr S Botes
Mr SD Koonthea
Ms S Piedt

PRINCE ALBERT LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2021, which are set out on pages 3 to 128 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2021 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.



Mr Al Hendricks
Municipal Manager (Acting)

28 - 02 - 2022

Date

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

	Notes	2021 R	2020 R
ASSETS			
Non-Current Assets		184 706 388	167 229 368
Property, Plant and Equipment	2	169 706 264	152 237 300
Investment Property	3	13 611 976	13 618 757
Intangible Assets	4	143 148	128 311
Heritage Assets	5	1 245 000	1 245 000
Current Assets		56 586 112	56 876 066
Inventory	7	605 249	671 562
Receivables from Exchange Transactions	8	2 487 348	2 858 011
Receivables from Non-exchange Transactions	9	1 411 100	1 266 213
Operating Lease Asset	6	145 497	113 354
Cash and Cash Equivalents	10	607 626	45 172 234
Short-term Investments	10,2	51 329 293	6 794 693
Total Assets		241 292 501	224 105 434
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		28 661 691	27 335 325
Long-term Borrowings	11	141 375	-
Non-current Provisions	12	21 314 841	20 245 127
Non-current Employee Benefits	13	7 205 475	7 090 198
Current Liabilities		20 792 078	26 695 882
Consumer Deposits	14	589 196	524 150
Current Employee Benefits	15	2 277 064	2 369 443
Trade and Other Payables from Exchange Transactions	16	12 097 860	6 413 672
Unspent Transfers and Subsidies	17	5 238 152	16 512 613
Taxes	18	498 103	876 005
Current Portion of Long-term Borrowings	15	91 704	-
Total Liabilities		49 453 769	54 031 206
Net Assets		191 838 732	170 074 228
Capital Replacement Reserve	19	10 500 000	10 500 000
Accumulated Surplus/(Deficit)		181 338 732	159 574 228
Total Net Assets and Liabilities		241 292 501	224 105 434

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R	2020 R
REVENUE			
Revenue from Non-exchange Transactions		60 330 755	51 424 992
Taxation Revenue		4 004 457	3 743 151
Property Rates	20	4 004 457	3 743 151
Transfer Revenue		52 108 014	43 669 974
Government Grants and Subsidies - Operating	21	31 583 389	27 575 829
Government Grants and Subsidies - Capital	21	17 813 786	12 722 998
Service in kind	22	2 710 839	3 371 147
Other Revenue		4 218 284	4 011 867
Actuarial Gains	13	531 946	75 879
Fines, Penalties and Forfeits		3 509 450	3 935 988
Interest Earned - Non-exchange Transactions		176 889	-
Revenue from Exchange Transactions		33 125 197	29 709 909
Service Charges	24	27 805 660	24 305 197
Sales of Goods and Rendering of Services	25	535 230	210 712
Rent on Land	26	111 860	136 884
Rental from Fixed Assets	27	303 924	352 566
Interest Earned - External Investments	28	2 321 430	3 358 732
Interest Earned - Exchange Transactions	29	1 503 321	891 678
Licences and Permits	23	123 702	73 421
Agency Services		281 092	218 158
Operational Revenue	30	138 977	162 561
Total Revenue		93 455 952	81 134 901
EXPENDITURE			
Employee related costs	31	24 346 733	23 041 275
Remuneration of Councillors	32	3 154 954	3 126 956
Bad Debts Written Off		329 561	543 812
Contracted Services	33	5 335 934	5 184 527
Depreciation and Amortisation	34	5 402 672	4 606 825
Actuarial Losses	13	-	32 409
Finance Costs	35	818 150	1 141 664
Bulk Purchases	36	12 097 619	11 377 110
Inventory Consumed	7	608 330	608 778
Transfers and Subsidies	37	320 000	1 225 386
Operational Costs	38	10 707 205	10 983 393
Total Expenditure		63 121 159	61 872 135
Operating Surplus/(Deficit) for the Year		30 334 793	19 262 766
Reversal of Impairment Loss/(Impairment Loss) on Receivables	39	(9 212 809)	(8 086 556)
Gains/(Loss) on Sale of Fixed Assets	40	150 856	(55 071)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	41	491 664	(337 254)
NET SURPLUS/(DEFICIT) FOR THE YEAR		21 764 504	10 783 886

PRINCE ALBERT LOCAL MUNICIPALITY

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

	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
Balance at 1 July 2019	9 500 000	147 835 221	157 335 221
Correction of Error - note 43.9	-	1 955 125	1 955 125
Restated balance	9 500 000	149 790 346	159 290 346
Net Surplus/(Deficit) for the year	-	10 783 881	10 783 881
Net Surplus/(Deficit) previously reported	-	11 511 207	11 511 207
Effects of Correction of Errors - note 43.9		(727 326)	(727 326)
Transfer to/from CRR	1 000 000	(1 000 000)	-
Balance at 30 June 2020	10 500 000	159 574 227	170 074 227
Restated balance	10 500 000	159 574 227	170 074 227
Net Surplus/(Deficit) for the year	-	21 764 504	21 764 504
Balance at 30 June 2021	10 500 000	181 338 732	191 838 732

PRINCE ALBERT LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 R	2020 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		3 910 415	3 381 397
Service Charges		23 731 472	18 469 546
Other Revenue		1 503 938	1 400 606
Government - Operating		33 403 322	38 741 335
Government - Capital		11 592 850	17 723 961
Interest		2 321 430	3 358 732
Cash payments			
Suppliers		(27 569 786)	(24 554 864)
Employee related costs		(26 946 842)	(25 341 720)
Finance Charges		(8 697)	-
Transfers and Grants		(320 000)	(1 225 386)
Net Cash from Operating Activities	44	21 618 102	31 953 606
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(21 811 198)	(13 046 216)
Proceeds on Disposal of Fixed Assets		253 668	-
Purchase of Intangible Assets		(39 969)	(17 165)
Net Cash from Investing Activities		(21 597 499)	(13 063 381)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Borrowing		(50 612)	(4 750)
Net Cash from Financing Activities		(50 612)	(4 750)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(30 009)	18 885 475
Cash and Cash Equivalents at the beginning of the year		51 966 927	33 084 272
Cash and Cash Equivalents at the end of the year	45 & 46	51 936 919	51 966 927
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(30 009)	18 882 656

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2021	Actual Outcome as % of Final Budget	Explanations for material variances more than 10%
	R	R	R	R	R	R	R	%	
ASSETS									
Current Assets									
Cash	28 233 279	9 222 987	37 456 266			37 456 266	51 936 919	138,66%	The municipality underspent on the capital budget to an amount of R6 459 008 and on the operating budget to an amount of R4 853 610. Furthermore the municipality had unspent grants of R5 079 719 at 30 June 2021 that was not budgeted for.
Cash and cash equivalents							607 626		
Short-term Investments							51 329 293		
Consumer Debtors	15 954 331	(5 550 244)	10 404 087			10 404 087	2 846 148	27,36%	The influence of the Covid-19 pandemic resulted in much higher provision for impairment as was anticipated during the preparation of the budget.
Statement of Financial Position Plus: Property rates debtors							2 487 348		
Other Debtors	6 163 770	(83 774)	6 079 996			6 079 996	1 197 797	19,70%	The influence of the Covid-19 pandemic resulted in much higher provision for impairment as was anticipated during the preparation of the budget.
Statement of Financial Position Plus: Operating leases Less: Property Rates							1 411 100		
Inventory	639 098	1 244 605	1 883 703			1 883 703	605 249	32,13%	The municipality incurred expenditure for capital projects very late during the financial year. This resulted in huge issues of inventory that was not foreseen during the preparation of the budget.
Total Current Assets	49.2.1	50 990 478	4 833 574	55 824 052	-	55 824 052	56 586 112	101,37%	
Non-Current Assets									
Investment Property	18 842 845	-	18 842 845			18 842 845	13 611 976	72,24%	The expenditure for the new office building was incorrectly budgeted for under Investment Properties. The actual expenditure is included under PPE and therefore the budgeted amount exceeds the actual result.
Property, Plant and Equipment	166 585 603	(3 721 033)	162 864 570			162 864 570	169 706 264	104,20%	The expenditure for the new office building was incorrectly budgeted for under Investment Properties. The actual expenditure is included under PPE and thus the actual results exceed the budgeted amount.
Intangible Assets	134 054	1	134 055			134 055	143 148	106,78%	The municipality did not budget for the purchase of intangible assets. New laptops were bought which resulted in new software to be purchased.
Other Non-Current Assets	1 130 092	-	1 130 092			1 130 092	1 245 000	110,17%	
Total Non-Current Assets	49.2.2	186 692 594	(3 721 032)	182 971 562	-	182 971 562	184 706 388	100,95%	
TOTAL ASSETS		237 683 072	1 112 542	238 795 614	-	238 795 614	241 292 501	101,05%	
LIABILITIES									
Current Liabilities									
Borrowing	4 750	-	4 750			4 750	91 704	1930,61%	The municipality raised four new financial leases during the year. The outstanding liability forth coming from the capitalised lease liability was not considered when the budget was prepared.
Consumer Deposits	498 413	33 123	531 536			531 536	589 196	110,85%	The property market in Prince Albert is very active and although there are not many new developments, new property owners have to pay increased consumer deposits. Two deposits previously disclosed as other payables were moved to consumer deposits.
Trade and Other Payables	8 372 278	5 858 233	14 230 511			14 230 511	17 834 114	125,32%	No provision was made in the budget for unspent grants at year-end. There is however unspent grants included under Trade and Other Payables which is the sole reason for the budgeted amount being exceeded.
Trade and Other Payables from Exchange Transactions Plus: Unspent Transfers and Subsidies Plus: Taxes							12 097 860		
Provisions	3 736 030	20 808 833	24 544 863			24 544 863	2 277 064	9,28%	The provision for the rehabilitation of the landfill sites was included under current provisions in the budget. The provision is included under non-current provisions in the actual results.
Total Current Liabilities	49.2.3	12 611 471	26 700 189	39 311 660	-	39 311 660	20 792 078	52,89%	
Non-Current Liabilities									
Borrowing	-	(4 810)	(4 810)			(4 810)	141 375	-2939,19%	The municipality raised four new financial leases during the year. The outstanding liability forth coming from the capitalised lease liability was not considered when the budget was prepared.
Provisions	30 264 093	(23 039 229)	7 224 864			7 224 864	28 520 316	394,75%	The provision for the rehabilitation of the landfill sites was included under current provisions in the budget. The provision is included under non-current provisions in the actual results.
Total Non-Current Liabilities	49.2.4	30 264 093	(23 044 039)	7 220 054	-	7 220 054	28 661 691	396,97%	
TOTAL LIABILITIES		42 875 564	3 656 150	46 531 714	-	46 531 714	49 453 769	106,28%	
NET ASSETS									
Accumulated Surplus/(Deficit)	185 307 508	(2 543 608)	182 763 900			182 763 900	181 338 732	99,22%	
Reserves	9 500 000	-	9 500 000			9 500 000	10 500 000	110,53%	The municipality made a contribution to the Capital Replacement Reserve during 2019/20. This contribution was not included in the budget.
TOTAL NET ASSETS	49.2.5	194 807 508	(2 543 608)	192 263 900	-	192 263 900	191 838 732	99,78%	

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

Notes	Original Budget	Budget	Final Adjustment	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome	Explanations for material variances more than 10% of a specific line item
		Adjustments	Budget					as % of Final	
		(i.t.o. s28 and s31 of the MFMA)		(i.t.o. s31 of the MFMA)	(i.t.o. Council approved by-law)		2021	%	
	R	R	R	R	R	R	R		
REVENUE									
Property Rates	4 477 835	100 000	4 577 835			4 577 835	4 004 457	87,47%	The Covid-19 pandemic caused much more ratepayers to qualify for indigent subsidies which resulted in an increase in rebates, reducing the net revenue from property rates.
Service Charges - Electricity Revenue	16 259 590	(6 810)	16 252 780			16 252 780	16 483 399	101,42%	
Service Charges - Water Revenue	4 232 592	1 037 408	5 270 000			5 270 000	5 517 086	104,69%	
Service Charges - Sanitation Revenue	3 126 840	683 160	3 810 000			3 810 000	3 852 863	101,13%	
Service Charges - Refuse Revenue	1 576 012	276 000	1 852 012			1 852 012	1 952 312	105,42%	
Rental of Facilities and Equipment	397 000	-	397 000			397 000	415 784	104,73%	
Interest Earned - External Investments	2 900 000	(600 000)	2 300 000			2 300 000	2 321 430	100,93%	
Interest Earned - Outstanding Debtors	1 280 000	300 000	1 580 000			1 580 000	1 680 210	106,34%	
Fines	3 332 000	(557 004)	2 774 996			2 774 996	3 509 450	126,47%	Due to less fines issued during 2019/20 as a result of the lockdown due to Covid 19, the budget for 2020/21 was based on the actual amounts for 2019/20, during 2020/21 the lockdown restrictions were slacked, which resulted in more people traveling, causing more fines to be issued
Licences and Permits	-	-	-			-	123 702	100,00%	An insurance claim, not budgeted for, to the value of R36 789 was paid out during the year.
Agency Services	200 000	(90 000)	110 000			110 000	281 092	255,54%	With the Covid-19 pandemic the renewal of vehicle licences was postponed during the lockdown until 31 August 2020. This resulted in a huge increase in licences renewed during the financial year under review.
Transfers Recognised - Operational	31 104 150	3 438 150	34 542 300			34 542 300	34 294 227	99,28%	
Other Revenue	467 000	(70 000)	397 000			397 000	674 208	169,83%	The biggest contributors to the higher collection of other revenue are as follows: An insurance claim, not budgeted for, to the value of R36 789 was paid out during the year; Fire brigade levies was R202 395 more than budgeted for; and During the lockdown due to the Covid-19 pandemic building plans were delayed. The revenue for building plans exceeded the budgeted amount by R54 242.
Total Revenue (excluding capital transfers and contributions)	49.2.6	69 353 019	4 510 904	73 863 923	-	-	73 863 923	75 110 220	101,69%
EXPENDITURE									
Employee Related Costs	22 708 669	3 398 726	26 107 395			26 107 395	23 814 787	91,22%	The main reason for the decrease in employee related costs was the retirement of the CFO and the resignation of the Senior Accountant Financial Services. Both positions were vacant for several months.
Remuneration of Councillors	3 370 490	-	3 370 490			3 370 490	3 154 954	93,61%	The increase allowed for the remuneration of councillors was less than anticipated during the budget process.
Debt Impairment	6 534 000	-	6 534 000			6 534 000	9 542 370	146,04%	The effect of the Covid-19 pandemic resulted in a lower collection rate on debtors, which resulted in a higher result
Depreciation and Asset Impairment	3 984 169	-	3 984 169			3 984 169	4 911 009	123,26%	Included in this amount in the budget is the impairment/reversal of impairment on fixed assets. With the evaluation of the landfill sites it was determined that the landfill site in Klaarstroom had a longer remaining useful life than anticipated previously. This resulted in a huge reversal of impairment to the value of R2 898 196.
Finance Charges	1 344 000	-	1 344 000			1 344 000	818 150	60,87%	The interest calculated on the provision for the rehabilitation of landfill sites was R571 269 less than budgeted for. Furthermore the municipality budgeted to raise finance leases for the whole year. The leases came into effect on 1 December 2020.
Bulk Purchases	12 000 000	1 282 000	13 282 000			13 282 000	12 097 619	91,08%	With the preparation of the budget a higher tariff increase by Eskom for electricity tariffs was anticipated than was implemented.
Other Materials	977 000	(111 800)	865 200			865 200	643 330	74,36%	With the delay in certain projects due to the Covid-19 pandemic less inventory was issued than anticipated during the budget process.
Contracted Services	6 552 174	362 800	6 914 974			6 914 974	5 300 934	76,66%	An amount of R1 530 000 for external computer services was incorrectly included under contracted services instead of under operational cost in the budget. This was due to the incorrect mSCOA GUID allocated to the expenditure code.
Transfers and Grants	340 000	-	340 000			340 000	320 000	94,12%	
Other Expenditure	11 534 036	(422 646)	11 111 390			11 111 390	10 707 205	96,36%	
Loss on Disposal of PPE	-	-	-			-	(150 856)	100,00%	Damage to water pumps and damage to a laptop and another laptop stolen resulted in insurance money received for these items. The money received was more than the carrying value of the assets, this was not anticipated in the budget.
Total Expenditure	49.2.7	69 344 538	4 509 080	73 853 618	-	-	73 853 618	71 159 502	96,35%
Surplus/(Deficit)		8 481	1 824	10 305	-	-	10 305	3 950 718	38337,87%
Transfers Recognised - Capital	14 103 850	7 944 507	22 048 357			22 048 357	17 813 786	80,79%	The revenue recognised for capital grants is the amount to which the conditions of the capital grants were met during the year. The municipality underspent on the budget for expenditure from grants, resulting in less revenue recognised than budgeted for.
Surplus/(Deficit) after Capital Transfers & Contributions		14 112 331	7 946 331	22 058 662	-	-	22 058 662	21 764 504	98,67%
Surplus/(Deficit) after Taxation		14 112 331	7 946 331	22 058 662	-	-	22 058 662	21 764 504	-1,33%
Surplus/(Deficit) Attributable to Municipality		14 112 331	7 946 331	22 058 662	-	-	22 058 662	21 764 504	-1,33%
Surplus/(Deficit) for the year		14 112 331	7 946 331	22 058 662	-	-	22 058 662	21 764 504	-1,33%

**PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021**

Notes	Original Budget	Budget	Final Adjustment	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome	
		Adjustments	Budget					as % of Final Budget	
	R	(i.t.o. s28 and s31 of the MFMA)	R	(i.t.o. s31 of the MFMA)	(i.t.o. Council approved by-law)	R	2021 R	%	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Taxation	3 134 485	69 999	3 204 484			3 204 484	3 910 415	22,03%	
Service Charges	17 636 523	1 392 831	19 029 354			19 029 354	23 731 472	24,71%	
Other Revenue	1 282 600	(215 700)	1 066 900			1 066 900	1 503 938	40,96%	
Government - Operating	31 104 150	2 957 000	34 061 150			34 061 150	33 403 322	-1,93%	
Government - Capital	14 103 850	(2 511 000)	11 592 850			11 592 850	11 592 850	0,00%	
Interest	3 796 000	(390 000)	3 406 000			3 406 000	2 321 430	-31,84%	
Payments									
Suppliers and Employees	(56 061 701)	(2 214 818)	(58 276 519)			(58 276 519)	(54 516 628)	-6,45%	
Finance costs	(59 000)	-	(59 000)			(59 000)	(8 697)	-85,26%	
Transfers and Grants	(340 000)	-	(340 000)			(340 000)	(320 000)	-5,88%	
Net Cash from/(used) Operating Activities	49.2.8	14 596 907	(911 688)	13 685 219	-	-	13 685 219	21 618 102	57,97%
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	-	-	-			-	253 668	100,00%	
Payments									
Capital Assets	(12 745 086)	(15 476 238)	(28 221 324)			(28 221 324)	(21 851 167)	-22,57%	
Net Cash from/(used) Investing Activities	49.2.9	(12 745 086)	(15 476 238)	(28 221 324)	-	-	(28 221 324)	(21 597 499)	-23,47%
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Increase/(Decrease) in Consumer Deposits	9 626	524	10 150			10 150	-	-100,00%	
Payments									
Repayment of Borrowing	-	-	-			-	(50 612)	100,00%	
Net Cash from/(used) Financing Activities	49.2.10	9 626	524	10 150	-	-	10 150	(50 612)	-598,64%
NET INCREASE/(DECREASE) IN CASH HELD									
Cash and Cash Equivalents at the year begin:	26 371 833	25 610 388	51 982 221			51 982 221	51 966 927	-0,03%	
Cash and Cash Equivalents at the year end:	28 233 280	9 222 986	37 456 266			37 456 266	51 936 919	38,66%	

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2021

For management purposes, the municipality is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Executive & Council	1.1 - Municipal Manager	Aggregated	Governance and Administration	Supporting service departments
	1.2 - Council General Expenses	Aggregated	Governance and Administration	Supporting service departments
Vote 2 - Director Finance	2.1 - Financial Services	Aggregated	Governance and Administration	Supporting service departments
	2.2 - Property Rates	Aggregated	Governance and Administration	Supporting service departments
Vote 3 - Director Corporate	3.1 - IDP	Aggregated	Governance and Administration	Supporting service departments
	3.2 - Strategic Services	Aggregated	Governance and Administration	Supporting service departments
	3.3 - Corporate Services	Aggregated	Governance and Administration	Supporting service departments
Vote 4 - Director Community	4.1 - Cemeteries	Aggregated	Community and Public Safety	Cleansing Services provided as well as Library services, community hall rentals, Recreation centers, Airfield Rental
	4.2 - Library	Aggregated	Community and Public Safety	
	4.3 - Disaster Management	Aggregated	Community and Public Safety	
	4.4 - Community Halls	Aggregated	Community and Public Safety	
	4.5 - Traffic Control	Aggregated	Community and Public Safety	
	4.6 - Housing	Aggregated	Community and Public Safety	
	4.7 - Sport and Recreation	Aggregated	Community and Public Safety	
	4.8 - Tourism	Aggregated	Community and Public Safety	
Vote 5 - Director Technical Services	5.1 - Electricity Services	Aggregated	Technical Services	Maintenance of infrastructure and management of services for basic service delivery
	5.2 - Water Services	Aggregated	Technical Services	
	5.3 - Sewerage	Aggregated	Technical Services	
	5.4 - Refuse	Aggregated	Technical Services	
	5.5 - Public Works	Aggregated	Technical Services	

SECONDARY SEGMENTS

Mscoc Functional Segments identified	Aggregation	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Library services, Community halls rentals and recreation centers
	Sport and recreation	Aggregated	Community and public safety	Library services, Community halls rentals and recreation centers
• Economic and environmental services	Public safety	Aggregated	Governance and Administration	Traffic and Fire Services
	Planning and development	Aggregated	Economic and environmental services	Building plans
	Road transport	Aggregated	Governance and Administration	Maintenance of roads
• Trading services	Energy sources	Individually Reported	Energy sources	Electricity services
	Water management	Individually Reported	Water management	Water management
	Waste water management	Individually Reported	Waste water management	Waste water management
	Waste management	Individually Reported	Waste management service	Waste management service
• Other	Tourism	Aggregated	Governance and Administration	Tourism

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.

PRINCE ALBERT LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Executive and Council	Director Finance	Director Corporate	Director Community	Director Technical Services	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	-	2 417 879	581 255	816 951	29 309 112	33 125 197
Service Charges - Electricity Revenue	-	-	-	-	16 483 399	16 483 399
Service Charges - Water Revenue	-	-	-	-	5 517 086	5 517 086
Service Charges - Sanitation Revenue	-	-	-	-	3 852 863	3 852 863
Service Charges - Refuse Revenue	-	-	-	-	1 952 312	1 952 312
Rental of Facilities and Equipment	-	-	365 498	50 286	-	415 784
Interest Earned - External Investments	-	2 321 430	-	-	-	2 321 430
Interest Earned - Outstanding Debtors	-	-	-	-	1 503 321	1 503 321
Licences and Permits	-	-	-	123 702	-	123 702
Agency Services	-	-	-	281 092	-	281 092
Other Revenue	-	96 449	215 757	361 871	130	674 208
External revenue from non-exchange transactions	26 607 322	8 402 035	927 018	5 699 450	1 032 000	42 667 825
Property Rates	-	4 004 457	-	-	-	4 004 457
Fines	-	-	-	3 509 450	-	3 509 450
Interest Earned - Outstanding Debtors	-	176 889	-	-	-	176 889
Licences and Permits	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-
Transfers Recognised - Operational	26 607 322	1 720 150	33 916	2 190 000	1 032 000	31 583 389
Transfers Recognised - Operational (Allocations-in-Kind)	-	1 817 737	893 102	-	-	2 710 839
Gains	-	682 802	-	-	-	682 802
Total Segment Revenue (excluding capital transfers and contributions)	26 607 322	10 819 913	1 508 274	6 516 401	30 341 112	75 793 022
SEGMENT EXPENDITURE						
Employee Related Costs	1 918 393	4 841 479	4 538 797	4 091 501	8 956 562	24 346 733
Remuneration of Councillors	3 154 954	-	-	-	-	3 154 954
Debt Impairment	-	896 318	-	3 399 441	5 246 611	9 542 370
Depreciation and Asset Impairment	-	266 336	-	242 626	4 402 047	4 911 009
Finance Charges	-	95 722	4 444	1 460	716 524	818 150
Bulk Purchases	-	-	-	-	12 097 619	12 097 619
Other Materials	-	29 381	-	34 278	579 671	643 330
Contracted Services	780 102	995 250	121 947	241 382	3 162 253	5 300 934
Transfers and Grants	120 000	-	-	200 000	-	320 000
Other Expenditure	712 994	5 358 994	1 695 959	406 896	2 532 362	10 707 205
Losses	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-
Total Segment Expenditure	6 686 443	12 483 480	6 361 147	8 617 584	37 693 650	71 842 304
Surplus/(Deficit)	19 920 880	(1 663 567)	(4 852 873)	(2 101 183)	(7 352 539)	3 950 718
Transfers Recognised - Capital	2 305 156	-	-	-	15 508 630	17 813 786
Surplus/(Deficit) after Capital Transfers & Contributions	22 226 035	(1 663 567)	(4 852 873)	(2 101 183)	8 156 092	21 764 504
Surplus/(Deficit) after Taxation	22 226 035	(1 663 567)	(4 852 873)	(2 101 183)	8 156 092	21 764 504
Surplus/(Deficit) Attributable to Municipality	22 226 035	(1 663 567)	(4 852 873)	(2 101 183)	8 156 092	21 764 504
Surplus/(Deficit) for the year	22 226 035	(1 663 567)	(4 852 873)	(2 101 183)	8 156 092	21 764 504

PRINCE ALBERT LOCAL MUNICIPALITY
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Governance and Administration	Community and Public Safety	Economic and Environmental Services	Trading Services				Other	Total
				Energy Sources	Water Management	Waste water management	Waste management		
	R	R	R	R	R	R	R	R	
SEGMENT REVENUE									
External revenue from exchange transactions	2 999 134	816 951	130	16 682 795	6 130 042	4 235 867	2 260 277	-	33 125 197
Service Charges - Electricity Revenue	-	-	-	16 483 399	-	-	-	-	16 483 399
Service Charges - Water Revenue	-	-	-	-	5 517 086	-	-	-	5 517 086
Service Charges - Sanitation Revenue	-	-	-	-	-	3 852 863	-	-	3 852 863
Service Charges - Refuse Revenue	-	-	-	-	-	-	1 952 312	-	1 952 312
Rental of Facilities and Equipment	365 498	50 286	-	-	-	-	-	-	415 784
Interest Earned - External Investments	2 321 430	-	-	-	-	-	-	-	2 321 430
Interest Earned - Outstanding Debtors	-	-	-	199 396	612 956	383 004	307 965	-	1 503 321
Licences and Permits	-	123 702	-	-	-	-	-	-	123 702
Agency Services	-	281 092	-	-	-	-	-	-	281 092
Other Revenue	312 206	361 871	130	-	-	-	-	-	674 208
External revenue from non-exchange transactions	35 902 459	5 699 450	1 065 916	-	-	-	-	-	42 667 825
Property Rates	4 004 457	-	-	-	-	-	-	-	4 004 457
Fines	-	3 509 450	-	-	-	-	-	-	3 509 450
Interest Earned - Outstanding Debtors	176 889	-	-	-	-	-	-	-	176 889
Licences and Permits	-	-	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-	-	-	-
Transfers Recognised - Operational	28 327 472	2 190 000	1 065 916	-	-	-	-	-	31 583 389
Transfers Recognised - Operational (Allocations-in-Kind)	2 710 839	-	-	-	-	-	-	-	2 710 839
Other Revenue	-	-	-	-	-	-	-	-	-
Gains	682 802	-	-	-	-	-	-	-	682 802
Total Segment Revenue (excluding capital transfers and contributions)	38 901 593	6 516 401	1 066 047	16 682 795	6 130 042	4 235 867	2 260 277	-	75 793 022
SEGMENT EXPENDITURE									
Employee Related Costs	10 737 876	4 091 501	6 109 649	334 066	1 268 647	827 330	977 664	-	24 346 733
Remuneration of Councillors	3 154 954	-	-	-	-	-	-	-	3 154 954
Debt Impairment	896 318	3 399 441	-	263 811	2 874 451	1 179 933	928 415	-	9 542 370
Depreciation and Asset Impairment	(225 328)	242 626	1 381 116	242 657	1 144 884	965 538	1 159 516	-	4 911 009
Finance Charges	100 166	1 460	2 793	-	-	-	713 731	-	818 150
Bulk Purchases	-	-	-	12 097 619	-	-	-	-	12 097 619
Other Materials	29 381	34 278	-	73 822	268 050	18 179	219 620	-	643 330
Contracted Services	1 897 298	241 382	1 606 199	627 450	443 215	231 306	254 083	-	5 300 934
Transfers and Grants	120 000	-	-	-	-	-	-	200 000	320 000
Other Expenditure	7 698 699	406 896	986 308	608 528	481 583	360 613	164 578	-	10 707 205
Total Segment Expenditure	24 409 365	8 417 584	10 086 065	14 247 954	6 480 831	3 582 900	4 417 606	200 000	71 842 304
Surplus/(Deficit)	14 492 228	(1 901 183)	(9 020 018)	2 434 841	(350 788)	652 968	(2 157 330)	(200 000)	3 950 718
Transfers Recognised - Capital	2 305 156	-	-	-	15 508 630	-	-	-	17 813 786
Surplus/(Deficit) after Capital Transfers & Contributions	16 797 384	(1 901 183)	(9 020 018)	2 434 841	15 157 842	652 968	(2 157 330)	(200 000)	21 764 504
Surplus/(Deficit) after Taxation	16 797 384	(1 901 183)	(9 020 018)	2 434 841	15 157 842	652 968	(2 157 330)	(200 000)	21 764 504
Surplus/(Deficit) Attributable to Municipality	16 797 384	(1 901 183)	(9 020 018)	2 434 841	15 157 842	652 968	(2 157 330)	(200 000)	21 764 504
Surplus/(Deficit) for the year	16 797 384	(1 901 183)	(9 020 018)	2 434 841	15 157 842	652 968	(2 157 330)	(200 000)	21 764 504

**PRINCE ALBERT LOCAL MUNICIPALITY
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2020**

	Executive and Council	Director Finance	Director Corporate	Director Community	Director Technical Services	Total
SEGMENT REVENUE						
External revenue from exchange transactions	-	3 435 911	637 355	439 560	25 197 084	29 709 909
Service Charges - Electricity Revenue	-	-	-	-	14 851 138	14 851 138
Service Charges - Water Revenue	-	-	-	-	4 353 877	4 353 877
Service Charges - Sanitation Revenue	-	-	-	-	3 395 730	3 395 730
Service Charges - Refuse Revenue	-	-	-	-	1 704 452	1 704 452
Rental of Facilities and Equipment	-	-	487 575	1 876	-	489 450
Interest Earned - External Investments	-	3 358 732	-	-	-	3 358 732
Interest Earned - Outstanding Debtors	-	-	-	-	891 678	891 678
Licences and Permits	-	-	-	73 421	-	73 421
Agency Services	-	-	-	218 158	-	218 158
Other Revenue	-	77 179	149 780	146 105	209	373 273
External revenue from non-exchange transactions	21 765 335	8 576 665	1 480 006	6 879 988	-	38 701 994
Property Rates	-	3 743 151	-	-	-	3 743 151
Fines	-	-	-	3 935 988	-	3 935 988
Transfers Recognised - Operational	21 765 335	2 277 591	588 904	2 944 000	-	27 575 829
Transfers Recognised - Operational (Allocations-in-Kind)	-	2 480 045	891 102	-	-	3 371 147
Gains	-	75 879	-	-	-	75 879
Total Segment Revenue (excluding capital transfers and contributions)	21 765 335	12 012 577	2 117 360	7 319 548	25 197 084	68 411 904
SEGMENT EXPENDITURE						
Employee Related Costs	1 969 896	5 267 444	4 247 730	4 634 918	6 921 287	23 041 275
Remuneration of Councillors	3 126 956	-	-	-	-	3 126 956
Debt Impairment	-	890 429	-	3 779 586	3 960 352	8 630 367
Depreciation and Asset Impairment	55 378	221 099	11 093	380 359	4 276 149	4 944 079
Finance Charges	-	-	-	-	1 141 664	1 141 664
Bulk Purchases	-	-	-	-	11 377 110	11 377 110
Other Materials	-	-	-	154 678	483 978	638 656
Contracted Services	597 818	802 510	130 764	265 177	3 358 379	5 154 649
Transfers and Grants	1 007 886	-	17 500	200 000	-	1 225 386
Other Expenditure	891 479	5 768 934	1 638 742	466 232	2 218 005	10 983 393
Losses	-	87 480	-	-	-	87 480
Total Segment Expenditure	7 649 412	13 037 897	6 045 830	9 880 950	33 736 926	70 351 016
Surplus/(Deficit)	14 115 922	(1 025 320)	(3 928 470)	(2 561 402)	(8 539 842)	(1 939 112)
Transfers Recognised - Capital	4 839 033	-	-	830 000	7 053 965	12 722 998
Surplus/(Deficit) after Capital Transfers & Contributions	18 954 955	(1 025 320)	(3 928 470)	(1 731 402)	(1 485 877)	10 783 886
Surplus/(Deficit) after Taxation	18 954 955	(1 025 320)	(3 928 470)	(1 731 402)	(1 485 877)	10 783 886
Surplus/(Deficit) Attributable to Municipality	18 954 955	(1 025 320)	(3 928 470)	(1 731 402)	(1 485 877)	10 783 886
Surplus/(Deficit) for the year	18 954 955	(1 025 320)	(3 928 470)	(1 731 402)	(1 485 877)	10 783 886

PRINCE ALBERT LOCAL MUNICIPALITY
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Governance and Administration	Economic and Environmental Services	Economic and Environmental Services	Trading Services				Other	Total
				Energy Sources	Water Management	Waste water management	Waste management		
	R	R	R	R	R	R	R	R	
SEGMENT REVENUE									
External revenue from exchange transactions	4 073 266	439 560	209	14 870 780	4 427 840	3 434 597	2 463 657	-	29 709 909
Service Charges - Electricity Revenue	-	-	-	14 851 138	-	-	-	-	14 851 138
Service Charges - Water Revenue	-	-	-	-	4 353 877	-	-	-	4 353 877
Service Charges - Sanitation Revenue	-	-	-	-	-	3 395 730	-	-	3 395 730
Service Charges - Refuse Revenue	-	-	-	-	-	-	1 704 452	-	1 704 452
Rental of Facilities and Equipment	487 575	1 876	-	-	-	-	-	-	489 450
Interest Earned - External Investments	3 358 732	-	-	-	-	-	-	-	3 358 732
Interest Earned - Outstanding Debtors	-	-	-	19 642	73 963	38 867	759 205	-	891 678
Licences and Permits	-	73 421	-	-	-	-	-	-	73 421
Agency Services	-	218 158	-	-	-	-	-	-	218 158
Other Revenue	226 959	146 105	209	-	-	-	-	-	373 273
External revenue from non-exchange transactions	31 733 102	6 879 988	88 904	-	-	-	-	-	38 701 994
Property Rates	3 743 151	-	-	-	-	-	-	-	3 743 151
Fines	-	3 935 988	-	-	-	-	-	-	3 935 988
Transfers Recognised - Operational	24 542 926	2 944 000	88 904	-	-	-	-	-	27 575 829
Transfers Recognised - Operational (Allocations-in-Kind)	3 371 147	-	-	-	-	-	-	-	3 371 147
Gains	75 879	-	-	-	-	-	-	-	75 879
Total Segment Revenue (excluding capital transfers and contributions)	35 806 368	7 319 548	89 112	14 870 780	4 427 840	3 434 597	2 463 657	-	68 411 904
SEGMENT EXPENDITURE									
Employee Related Costs	10 936 550	3 504 918	5 712 314	277 646	972 318	733 376	904 153	-	23 041 275
Remuneration of Councillors	3 126 956	-	-	-	-	-	-	-	3 126 956
Debt Impairment	890 429	3 779 586	-	256 510	1 382 304	1 662 902	658 636	-	8 630 367
Depreciation and Asset Impairment	624 824	380 359	1 349 347	255 727	890 009	773 187	670 625	-	4 944 079
Finance Charges	-	-	-	-	-	-	1 141 664	-	1 141 664
Bulk Purchases	-	-	-	11 377 110	-	-	-	-	11 377 110
Other Materials	-	147 923	6 754	35 477	296 945	18 000	133 556	-	638 656
Contracted Services	1 504 100	265 177	1 555 646	737 501	607 491	182 726	302 009	-	5 154 649
Transfers and Grants	1 007 886	-	17 500	-	-	-	-	200 000	1 225 386
Other Expenditure	8 159 085	416 232	1 074 475	484 529	443 999	251 693	153 380	-	10 983 393
Losses	87 480	-	-	-	-	-	-	-	87 480
Total Segment Expenditure	26 337 310	8 494 196	9 716 037	13 424 501	4 593 065	3 621 884	3 964 023	200 000	70 351 016
Surplus/(Deficit)	9 469 059	(1 174 648)	(9 626 925)	1 446 279	(165 224)	(187 287)	(1 500 366)	(200 000)	(1 939 112)
Transfers Recognised - Capital	-	830 000	-	982 674	10 910 324	-	-	-	12 722 998
Surplus/(Deficit) after Capital Transfers & Contributions	9 469 059	(344 648)	(9 626 925)	2 428 953	10 745 099	(187 287)	(1 500 366)	(200 000)	10 783 886
Surplus/(Deficit) after Taxation	9 469 059	(344 648)	(9 626 925)	2 428 953	10 745 099	(187 287)	(1 500 366)	(200 000)	10 783 886
Surplus/(Deficit) Attributable to Municipality	9 469 059	(344 648)	(9 626 925)	2 428 953	10 745 099	(187 287)	(1 500 366)	(200 000)	10 783 886
Surplus/(Deficit) for the year	9 469 059	(344 648)	(9 626 925)	2 428 953	10 745 099	(187 287)	(1 500 366)	(200 000)	10 783 886

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – April 2019) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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

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

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

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification are disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The Municipality is continually busy with a process to align items in the annual financial statements with the Item Segment of mSCOA. The result of this process results in reclassifications and naming of items in the annual financial statements.

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

Amendments to accounting policies are reported as and when deemed necessary, based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements will be adjusted in accordance with GRAP 3.

The following GRAP standards became effective on 1 April 2020:

- GRAP 18 Segment Reporting
- GRAP 110 Living and non-living resources
- GRAP 34 Separate financial statements
- GRAP 35 Consolidated financial statements
- GRAP 36 Investment in Associates and Joint Ventures
- GRAP 37 Joint Arrangements
- GRAP 38 Disclosure of Interest in Other Entities

GRAP 34 - 38 and 110 will not have an influence on the operations of the municipality.

Amendments were made to the following GRAP interpretations:

- iGRAP 1 Applying the Probability Test on Initial Recognition of Revenue
- iGRAP 20 Accounting for Adjustments to Revenue

1.6. MATERIALITY

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparisons of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is, therefore, on a comparable basis to the actual amounts.

Comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts.

Explanations for differences between the approved and final budget are included in the notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 104 (Revised – April 2020)	<u>Financial Instruments</u> The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
Guideline	<u>Landfill sites</u> No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown

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1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced, and the accumulated surplus / (Deficit) is credited by a corresponding amount when the amounts in the CRR are utilized.

1.10. LEASES

1.10.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the liability. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

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

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.14. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.

1.15. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at the reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

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

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1.16. EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

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

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

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality contributes to various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and 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 and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

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Past-service costs are recognised immediately in income unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

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

(b) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as a contribution, and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(c) Long Service Awards

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

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GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(d) Ex-Gratia Pension Benefits

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries, and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(e) 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. In terms of the Collective Agreement for Local Government annual leave shall only be accumulated to a maximum of forty-eight (48) working days. The provision for annual leave is limited to a maximum of 48 days per employee.

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

Accumulated leave is vesting.

(f) Staff Bonuses

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.

(g) Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. Municipal entities' performance bonus

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provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. Initial Recognition

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

The following items will be regarded as Property, plant and equipment rather than investment property:

- Owner-occupied property (including held for future use);
- Owner-occupied property held for development;
- Property occupied by employees for housing;
- Owner-occupied property held for disposal;
- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation; and;
- Property held by the municipality for strategic purpose.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on the acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

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

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

1.17.3. Depreciation and Impairment

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

<u>Land and Buildings</u>	Years
Land	Indefinite
Buildings	10-100
<u>Infrastructure</u>	
Roads and Streets	1-90
Electricity Infrastructure	1-60
Water Infrastructure	1-80
Sanitation Infrastructure	1-100
Security measures	14-20
Solid Waste Infrastructure	10-100
Storm Water Infrastructure	1-80
<u>Community</u>	
Airports	1-60
Centres/Halls	1-100
Libraries	1-100

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Outdoor Facilities	1-100
Parks	1-100
Public Ablution Facilities	1-100
Public Open Spaces	1-100

Finance lease assets

Office equipment	3
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Other

Transport Assets	1-15
Furniture and Office Equipment	1-20
Machinery and Equipment	1-15
Computer Equipment	1-10

The depreciation charge is recognised in the Statement of Financial Performance.

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

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

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

1.17.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an

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asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 30 June 2019. For Other Assets, the depreciation cost method was used to establish the deemed cost as on 30 June 2019.

1.17.6 Decommissioning and restoration asset

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, shall be accounted for as follows:

The related asset (under cost model) is measured as follows:

- Changes in the liability, shall be added or deducted from the asset cost;
- The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.26 of the policy.

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

An intangible asset is an identifiable asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e., is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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

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

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure the expenditure attributable to the intangible asset reliably during its development.

Intangible assets are initially recognised at cost.

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

1.18.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e., when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
Computer Software	1-10

The amortisation charge is recognised in the Statement of Financial Performance.

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

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1.18.4. De-recognition

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

1.18.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciation cost method was used to establish the deemed cost as on 30 June 2019.

1.19. INVESTMENT PROPERTY

1.19.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

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At initial recognition, the Municipality measures investment property at cost, including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e., where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If the owner-occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.19.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses.

1.19.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	1-100

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

1.19.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property

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is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 30 June 2019.

1.20. HERITAGE ASSETS

1.20.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

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

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

1.20.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.20.3. Depreciation and Impairment

Heritage assets are not depreciated.

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

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

1.20.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the

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difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.20.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 30 June 2019.

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected

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date, and reassessing the useful life of an asset as finite rather than indefinite;

- A decision to halt the construction of the asset before it is complete or in a usable condition
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the assets or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.21.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual

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impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's 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 recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated

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depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

An impairment loss is recognised immediately in surplus or deficit unless the asset is carried at a revalued amount in accordance with another Standard of GRAP.

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

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.22. INVENTORIES

1.22.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the

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inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

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

1.22.2. Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, materials and supplies, water and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

In general, the basis of allocating cost to inventory items is the weighted average method.

Telemetry readings and the calculated volume in the distribution network.

1.23. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.23.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial

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liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.23.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.23.2.1. Receivables

Receivables are classified as financial assets at amortised cost and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments.

Each outstanding debtor is individually evaluated for the probability of payment by dividing payment received during the current year by the total levies for the current year. The percentage calculated for non-payment is used as basis for impairment calculation.

1.23.2.2. Payables and Annuity Loans

Financial liabilities consist of trade and other payables, finance lease liabilities and consumer deposits. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

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1.23.2.3. Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.23.2.4. Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.23.3. De-recognition

1.23.3.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor

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transferred control of the asset, the old asset is derecognised, and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.23.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.23.4. *Offsetting of Financial Instruments*

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

1.24. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

1.24.1. *Initial Recognition*

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition and recognition criteria of asset is met.

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1.24.2. Subsequent Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

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

The municipality considers the following as indicators:

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

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

1.24.3. Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;

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- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - i. derecognise the receivable; and
 - ii. recognise separately any rights and obligations created or retained in the transfer.

1.24.4. Transitional Provisions

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables. Over time our understanding and insights as to the requirements of a new standard improves, therefore the municipality is choosing to make use of the transitional provision.

The transitional period commences from 1 June 2019 and will be utilised until the period ending 30 June 2022.

1.25. REVENUE

1.25.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset, and there is no liability to repay the amount.

Revenue from non-exchange transactions is recognised when:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity and;
- the fair value of the asset can be measured reliably.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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

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

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment when such items of property, plant and equipment qualify for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

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

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualify for recognition and become available for use by the Municipality.

Revenue from 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 when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised, it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

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

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

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

1.25.2. Revenue from Exchange Transactions

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

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

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

Revenue from the sale of goods is recognised when:

- The amount of revenue can be measured reliably;
- It is probable that economic benefits or service potential associated with the transaction will flow to the municipality;
- The stage of completion at the reporting date can be measured reliably;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect unless the individual

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collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue, this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

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

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

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Interest revenue is recognised using the effective interest rate method.

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

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

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

Revenue is measured at the fair value of the consideration received or receivable.

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

In most cases, the consideration is in the form of cash or cash equivalents, and the amount of revenue is the amount of cash or cash equivalents received or

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receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold, or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.26. ACCOUNTING BY PRINCIPALS AND AGENTS

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

The municipality can be either the agent or the principal in terms of the circumstances of the arrangement.

Where the municipality is considered the principal, all revenues, expenses, liabilities and assets are recorded in the records of municipality in accordance with the relevant standards of GRAP.

Where the municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

Identification

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Who determines significant terms?

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- Who receives the benefit from the transactions?
- Is the municipality exposed to the variability of the outcome?

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

1.27. RELATED PARTIES

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

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

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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

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

1.28. UNAUTHORISED EXPENDITURE

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

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

recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. IRREGULAR EXPENDITURE

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

1.30. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.31. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

Management judgement is required when recognising and measuring contingent liabilities.

1.32. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 in the future could differ from these estimates, which may be material to the annual financial statements. 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, apart from those involving estimations, that management has made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

Post-retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 13 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

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

Impairment of Statutory Receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

Property, Plant and Equipment

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

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

be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

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

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

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

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

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

Intangible Assets

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

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

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Investment Property

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

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

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

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

Water Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant 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.

Provisions and Contingent Liabilities

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

Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

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

- Interest rates (investment rate) linked to prime was used to calculate the effect of the time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave, to a maximum of 48 days per employee, at the reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance bonuses

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

Pre-paid electricity estimation

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

Componentisation of Infrastructure assets

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

Revenue Recognition

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

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

The IGRAP 1 amendments did not have any impact on Traffic Fines revenue issued in terms of the current Criminal Proceedings Act system, but will only have an effect on fines issued in terms of the Amended Act (AARTO) that is expected to become effective on 1 July 2021. As the legislation is new, the possible impact cannot at this stage be determined. The legislation itself will significantly increase Traffic Fines

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

revenue based on higher fine amounts being pronounced in Schedule 3 of the Amendment Act.

The iGRAP 20 interpretation is not regarded as having an effect, as the principals of revising revenue (for e.g., incorrect tariff or appeal) is already applied by the municipality.

1.33. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value-added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.34. CAPITAL COMMITMENTS

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

1.35. EVENTS AFTER REPORTING DATE

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

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

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

1.36. TAXATION

1.36.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.37. . SEGMENT REPORTING

A segment is an activity of an entity:

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

On the first-time adoption of GRAP 18, comparative segment information is not required in terms of the transitional provisions.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2021

Description	Cost										Accumulated Impairment				Accumulated Depreciation and Impairment Losses					Carrying Value		
	Opening Balance				Additions			Disposals	Closing Balance	Opening Balance	Reversal	Re-classification	Closing Balance	Opening Balance	Re-classification	Depreciation	Disposals	Closing				
	Normal	Residuals	WIP	Re-classification	Opening Balance	Normal	Residuals												Under Construction			
Infrastructure																						
Roads	19 859 858			-	19 859 858	2 132 348,39		1 479 671,78	-	23 471 878	1 287 790				1 287 790	4 515 943	-	603 856	-	5 119 799	17 064 289	
Storm Water	11 676 865		180 395	-	11 857 260	986 276,57		584 395,18	-	13 427 932	-				-	1 758 193	-	248 857	-	2 007 050	11 420 882	
Electricity	12 255 707		1 045 136	-	13 300 843	238 055,11		3 081 670,38	-	16 620 569	-				-	1 975 424	-	242 657	-	2 218 081	14 402 488	
Water Supply	46 760 990		1 401 138	1 226 559	49 388 686	2 342 623,29		2 178 150,09	83 368	53 826 092	-				-	6 769 266	-	1 144 884	2 957	7 911 192	45 914 899	
Sanitation	39 140 836		3 702 297	-	42 843 133	1 626 359,56		-	-	44 469 493	163 500				163 500	5 487 853	-	965 538	-	6 453 391	37 852 602	
Solid Waste	2 058 829		40 800	(1 226 559)	873 071	225 780,11		-	-	1 098 851	-				-	296 263	-	17 800	-	314 063	784 788	
Landfill Site	11 226 312		-	-	11 226 312	847 646,46		-	-	12 073 958	304 660				304 660	8 387 937	-	1 141 715	-	9 529 653	2 239 645	
	142 979 397	-	6 369 767	-	149 349 164	8 399 089,49		7 323 887,43	83 368	164 988 773	1 755 950	-	-	-	1 755 950	29 190 879	-	4 365 308	2 957	33 553 229	129 679 593	
Community Assets																						
Community Facilities																						
Halls	6 118 179			-	6 118 179	356 266,47		-	-	6 474 446	35 400				35 400	452 282	-	64 437	-	516 719	5 922 327	
Centres	3 561 795			-	3 561 795	-		-	-	3 561 795	-				-	198 354	-	37 006	-	235 360	3 326 436	
Libraries	1 199 428			-	1 199 428	-		-	-	1 199 428	652 400				652 400	117 595	-	5 019	-	122 614	424 414	
Cemeteries/Crematoria	51 650			-	51 650	-		-	-	51 650	-				-	-	-	-	-	-	51 650	
Parks	321 420			-	321 420	491 616,17		-	-	813 037	96 500				96 500	-	-	7 066	-	7 066	709 470	
Public Open Space	1 410 798			-	1 410 798	-		-	-	1 410 798	332 615				332 615	-	-	30 553	-	30 553	1 047 630	
Public Ablution Facilities	175 579		41 769	-	217 349	-		-	-	217 349	-				-	1 216	-	3 670	-	4 886	212 462	
Airports	623 631			-	623 631	-		-	-	623 631	-				-	20 788	-	10 576	-	31 364	592 267	
Sport and Recreation Facilities																						
Outdoor Facilities	12 556 571		642 437	-	13 199 008	1 084 893,90		402 780,70	-	14 686 682	185 000				185 000	282 161	-	84 299	-	366 460	14 135 222	
	26 019 052	-	684 206	-	26 703 259	1 932 776,54		402 780,70	-	29 038 816	1 301 915	-	-	-	1 301 915	1 072 396	-	242 626	-	1 315 022	26 421 879	

30 JUNE 2021 (Continue)

Description	Cost										Accumulated Impairment				Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance				Additions			Disposals	Closing Balance	Opening Balance	Reversal	Re-classification	Closing Balance	Opening Balance	Re-classification	Depreciation	Disposals	Closing		
	Normal	Residuals	WIP	Re-classification	Opening Balance	Normal	Residuals												Under Construction	
Other Assets																				
Other Land	1 593 152			-	1 593 152	-		-	-	1 593 152	650 550			650 550	-	-	-	-	-	942 602
Operational Buildings	-			-	2 258 459	765 217,40	2 004 483,36	-	5 028 160	157 000			157 000	204 610	-	29 604	-	234 215	4 636 945	
Municipal Offices	2 258 459			-	1 110 615	156 966,00	-	-	1 236 619	-			-	530 570	-	88 593	10 479	608 685	627 934	
Computer Equipment	1 110 615			-	1 277 611	212 808,69	-	30 982	1 490 419	-			-	816 055	-	63 472	-	879 527	610 892	
Furniture and Office Equipment	1 277 611			-	1 373 145	56 651,40	-	-	1 429 796	-			-	526 782	-	109 855	-	636 637	793 159	
Machinery and Equipment	1 373 145			-	6 643 014	1 054 183,18	350 000,00	-	8 047 197	-			-	1 864 407	-	418 547	-	2 282 954	5 764 243	
Transport Assets	5 588 626	1 054 388		-	14 255 995	2 245 826,67	2 004 483,36	30 962	18 825 343	807 550			807 550	3 942 424	-	710 073	10 479	4 642 018	13 375 775	
Leases																				
Computer Equipment	-			-	-	-	-	-	-	-			-	-	-	-	-	-	-	-
Furniture and Office Equipment	-			-	-	283 690,79	-	-	283 691	-			-	-	-	54 670	-	54 670	229 021	
Machinery and Equipment	-			-	-	-	-	-	-	-			-	-	-	-	-	-	-	
Transport Assets	-			-	-	-	-	-	-	-			-	-	-	-	-	-	-	
	-			-	-	283 690,79	-	-	283 691	-			-	-	-	54 670	-	54 670	229 021	
Total	182 200 057	1 054 388	7 053 973	-	190 308 417	12 861 383,49	350 000,00	9 731 151,49	114 330	213 136 622	3 865 415	-	-	3 865 415	34 205 699	-	5 372 677	13 436	39 564 939	169 706 268

2.2 30 JUNE 2020

Description	Cost								Accumulated Impairment				Accumulated Depreciation and Impairment Losses				Carrying Value		
	Opening Balance				Additions			Disposals	Closing Balance	Opening Balance	Reversal	Re-classification	Closing Balance	Opening Balance	Re-classification	Depreciation		Disposals	Closing
	Normal	Residuals	WIP	Re-classification	Opening Balance	Normal	Residuals												
Infrastructure																			
Roads	20 130 508			(270 650)	19 859 858	-	-	-	19 859 858	1 532 440	-	(244 650)	1 287 790	3 941 259	-	574 684	-	4 515 943	14 056 125
Storm Water	11 700 715			(23 850)	11 676 865	-	-	180 395,26	11 857 260	800	-	(800)	-	1 524 149	-	234 045	-	1 758 193	10 099 067
Electricity	11 775 349		121 306	-	11 896 655	511 861,81	-	923 830,35	13 300 843	-	-	-	-	1 758 355	-	232 547	(15 479)	1 975 424	11 325 419
Water Supply	45 168 073		142 086	-	45 310 159	2 886 287,54	-	32 312,10	48 162 128	(66 631)	-	-	-	5 860 666	-	969 388	(60 789)	6 769 266	41 392 862
Sanitation	39 847 826		168 679	(732 000)	39 284 505	25 010,00	-	3 533 618,04	42 843 133	547 500	-	(384 000)	163 500	4 599 012	-	888 841	-	5 487 853	37 191 780
Solid Waste	832 271		-	-	832 271	-	-	1 267 358,59	2 099 629	-	-	-	-	17 749	-	296 263	-	296 263	1 803 366
Landfill Site	10 571 863		-	-	10 571 863	654 448,41	-	-	11 226 312	(32 593)	337 254	(629 450)	304 660	7 717 312	-	670 625	-	8 387 937	2 533 714
	140 026 605	-	432 071	(1 026 500)	139 432 177	4 077 607,76	-	5 937 514,34	149 349 164	2 048 147	337 254	(629 450)	1 755 950	25 679 267	-	3 587 879	(76 267)	29 190 879	118 402 335
Community Assets																			
Community Facilities																			
Halls	6 118 179			-	6 118 179	-	-	-	6 118 179	35 400	-	-	35 400	419 346	(28 914)	61 850	-	452 282	5 630 497
Centres	3 561 795			-	3 561 795	-	-	-	3 561 795	-	-	-	-	149 692	-	48 662	-	198 354	3 363 441
Crèches	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics/Care Centres	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Testing Stations	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Galleries	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatres	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	1 199 428			-	1 199 428	-	-	-	1 199 428	652 400	-	-	652 400	112 638	-	4 957	-	117 595	429 434
Cemeteries/Crematoria	51 650			-	51 650	-	-	-	51 650	-	-	-	-	-	-	-	-	-	51 650
Police	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks	116 500			-	116 500	204 920,49	-	-	321 420	96 500	-	-	96 500	-	-	-	-	-	224 920
Public Open Space	675 065			-	675 065	735 733,12	-	-	1 410 798	332 615	-	-	332 615	-	-	-	-	-	1 078 183
Nature Reserves	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	59 895			-	59 895	115 683,89	-	41 769,30	217 349	-	-	-	-	617	-	599	-	1 216	216 133
Markets	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stalls	9 230			(9 230)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	623 631			-	623 631	-	-	-	623 631	-	-	-	-	10 394	-	10 394	-	20 788	602 843
Taxi Ranks/Bus Terminals	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Spares	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities																			
Indoor Facilities	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outdoor Facilities	12 294 821			-	12 294 821	261 749,55	-	642 436,80	13 199 008	185 000	-	-	185 000	173 839	28 914	79 409	-	282 161	12 731 847
Capital Spares	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	24 710 195	-	-	(9 230)	24 700 965	1 318 087,05	-	684 206,10	26 703 259	1 301 915	-	-	1 301 915	866 525	-	205 870	-	1 072 396	24 328 948

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

30 JUNE 2020 (Continue)

Description	Cost										Accumulated Impairment				Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance				Additions			Disposals	Closing Balance	Opening Balance	Reversal	Re-classification	Closing Balance	Opening Balance	Re-classification	Depreciation	Disposals	Closing		
	Normal	Residuals	WIP	Re-classification	Opening Balance	Normal	Residuals												Under Construction	
Other Assets																				
Other Land	557 422	-	-	1 035 730	1 593 152	-	-	-	1 593 152	21 100	-	629 450	650 550	-	-	-	-	-	942 602	
Operational Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Municipal Offices	1 909 413	-	-	1 909 413	349 046,12	-	-	-	2 258 459	157 000	-	-	157 000	186 568	-	18 042	-	204 610	1 896 849	
Computer Equipment	1 040 038	-	-	1 040 038	107 053,38	-	-	(36 476)	1 110 615	-	-	-	474 485	88 633	(32 547)	530 570	-	580 045		
Furniture and Office Equipment	1 276 640	-	-	1 276 640	19 463,96	-	-	(18 493)	1 277 611	-	-	-	768 219	-	61 827	(13 991)	816 055	461 556		
Machinery and Equipment	1 028 188	-	-	1 028 188	352 259,55	-	-	(7 303)	1 373 145	-	-	-	449 879	-	83 424	(6 522)	526 782	846 363		
Transport Assets	5 819 682	-	-	5 819 682	855 426,40	-	-	(32 094)	6 643 014	-	-	-	1 351 884	-	521 376	(8 853)	1 864 407	4 778 607		
	11 631 381	-	-	1 035 730	12 667 111	1 683 249,41	-	(94 366)	14 255 995	178 100	-	629 450	807 550	3 231 035	-	773 302	(61 913)	3 942 424	9 506 021	
Leases																				
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Furniture and Office Equipment	181 022	-	-	-	-	-	-	(181 022)	-	-	-	-	-	172 917	-	8 104	(181 022)	-		
Machinery and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Transport Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	181 022	-	-	-	-	-	-	(181 022)	-	-	-	-	-	172 917	-	8 104	(181 022)	-		
Total	176 549 204	-	432 071	-	7 078 944,22	-	6 621 720,44	(373 522)	190 308 417	3 528 162	337 254	-	3 865 415	29 949 745	-	4 575 156	(319 202)	34 205 699	152 237 303	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R	
2.3 Property, Plant and Equipment where construction or development has been halted:			
Community Assets			
A contractor has been appointed for improvements at the Leeu Gamka sports facility. The project has been halted due to the contractor not being able to complete the project.			
2.4 Expenditure incurred to repair and maintain Property, Plant and Equipment:			
Employee related costs	7 682 961	6 715 002	
Other materials	544 671	454 100	
Contracted Services	2 935 665	3 033 276	
Other Expenditure	2 142 503	1 850 730	
Total Repairs and Maintenance	13 305 800	12 053 109	
2.5 Assets pledged as security:			
Leased Property, Plant and Equipment of R 283 691 is secured for leases as set out in Note 11. The carrying value of these assets at 30 June 2021 is R229 021.			
2.6 Impairment losses of Property, Plant and Equipment			
Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:			
Infrastructure	-	337 254	
Total Impairment Losses	-	337 254	
2.7 Reversal of Impairment losses of Property, Plant and Equipment			
Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:			
Infrastructure	491 664	-	
Total Reversal of Impairment losses	491 664	-	
2.8 Effect of changes in accounting estimates			
The remaining useful lives of assets were reviewed and it had the following effect on the accumulated depreciation and the carrying values of assets.			
	2021 R	2022 R	2023 R
Accumulated depreciation before review of useful lives	1 371 684	1 699 567	1 876 983
Accumulated depreciation after review of useful lives	1 246 449	1 382 945	1 518 820
Effect on Property, plant and equipment	125 235	316 623	358 162
2.9 Contractual commitments for acquisition of Property, Plant and Equipment:			
Approved and contracted for:	10 299 100	3 949 537	
Infrastructure	8 288 142	3 949 537	
Community	2 010 958		
Total	10 299 100	3 949 537	
This expenditure will be financed from:			
Government Grants	10 299 100	3 949 537	
Total	10 299 100	3 949 537	

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
3. INVESTMENT PROPERTY		
3.1 Net Carrying amount at 1 July	13 618 757	13 625 453
Cost	14 639 586	14 639 586
Accumulated Depreciation	(73 776)	(67 079)
Accumulated Impairment Loss	(947 053)	(947 053)
Depreciation for the year	(6 781)	(6 696)
Net Carrying amount at 30 June	13 611 976	13 618 757
Cost	14 639 586	14 639 586
Accumulated Depreciation	(80 557)	(73 776)
Accumulated Impairment Loss	(947 053)	(947 053)
3.2 Revenue from Investment Property		
Revenue derived from the rental of Investment Property	253 639	350 691
4. INTANGIBLE ASSETS		
4.1 Net Carrying amount at 1 July	128 311	134 054
Cost	205 395	190 704
Accumulated Amortisation	(77 084)	(56 649)
Additions	39 969	17 165
Amortisation	(23 215)	(22 158)
Disposals	(2 720)	(2 474)
Amortisation written back on disposal	802	1 723
Net Carrying amount at 30 June	143 148	128 311
Cost	242 644	205 395
Accumulated Amortisation	(99 496)	(77 084)
5. HERITAGE ASSETS		
5.1 Net Carrying amount at 1 July	1 245 000	1 245 000
Cost	1 245 000	1 245 000
Accumulated Impairment Loss	-	-
Impairment Loss/ Reversal of Impairment Loss	-	-
Net Carrying amount at 30 June	1 245 000	1 245 000
Cost	1 245 000	1 245 000
Accumulated Impairment Loss	-	-
	2021	2020
	R	R
Historical buildings	1 245 000	1 245 000
	1 245 000	1 245 000

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

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

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
6. OPERATING LEASE ARRANGEMENTS		
6.1 The Municipality as Lessee		
Operating Lease Asset	<u>145 497</u>	<u>113 354</u>
<u>Disclosed as follows:</u>		
Non-Current Operating Lease Asset	145 497	113 354
Current Operating Lease Asset	<u>145 497</u>	<u>113 354</u>
Reconciliation		
Balance at the beginning of the year	113 354	69 196
Movement during the year	<u>32 144</u>	<u>44 158</u>
Balance at the end of the year	<u>145 497</u>	<u>113 354</u>
At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
Up to 1 Year	229 035	225 376
1 to 5 Years	766 628	855 238
More than 5 Years	<u>126 612</u>	<u>267 036</u>
Total Operating Lease Arrangements	<u>1 122 274</u>	<u>1 347 651</u>
This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.		
7. INVENTORY		
Consumables	357 698	424 011
Land	219 420	219 420
Materials and Supplies	10 800	10 800
Water	<u>17 331</u>	<u>17 331</u>
Total Inventory	<u>605 249</u>	<u>671 562</u>
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
7.1 Inventories recognise as an expense during the year:		
Consumables	29 381	-
Materials and Supplies	<u>578 949</u>	<u>608 778</u>
Total	<u>608 330</u>	<u>608 778</u>
8. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	2 229 587	2 270 002
Water	8 321 903	5 946 774
Property Rentals	369 246	287 380
Waste Management	3 452 573	2 623 536
Waste Water Management	5 173 091	3 933 294
Debtors VAT Portion	2 417 376	1 967 837
Other Arrears	<u>556 323</u>	<u>243 329</u>
Total: Receivables from exchange transactions (before provision)	<u>22 520 099</u>	<u>17 272 151</u>
Less: Provision for Debt Impairment	(20 032 751)	(14 414 140)
Total: Receivables from exchange transactions (after provision)	<u>2 487 348</u>	<u>2 858 011</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
8. RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continue)		
<p>Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.</p>		
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	588 236	610 033
31 - 60 Days	262 967	313 685
61 - 90 Days	227 760	280 560
+ 90 Days	1 150 624	1 065 724
Total	2 229 587	2 270 002
<u>(Water): Ageing</u>		
Current (0 - 30 days)	343 005	318 717
31 - 60 Days	380 907	339 792
61 - 90 Days	364 266	280 179
+ 90 Days	7 233 724	5 008 086
Total	8 321 903	5 946 774
<u>(Property Rentals): Ageing</u>		
Current (0 - 30 days)	19 749	(878)
31 - 60 Days	29 681	-
61 - 90 Days	22 792	-
+ 90 Days	297 025	288 258
Total	369 246	287 380
<u>(Waste Management): Ageing</u>		
Current (0 - 30 days)	152 144	130 084
31 - 60 Days	114 944	113 783
61 - 90 Days	105 577	105 490
+ 90 Days	3 079 908	2 274 180
Total	3 452 573	2 623 536
<u>(Waste Water Management): Ageing</u>		
Current (0 - 30 days)	275 307	167 792
31 - 60 Days	189 108	224 618
61 - 90 Days	183 525	195 091
+ 90 Days	4 525 150	3 345 793
Total	5 173 091	3 933 294
<u>(Debtors VAT Portion): Ageing</u>		
Current (0 - 30 days)	69 813	142 040
31 - 60 Days	131 229	131 533
61 - 90 Days	121 316	114 447
+ 90 Days	2 095 018	1 579 818
Total	2 417 376	1 967 837
<u>(Other): Ageing</u>		
Current (0 - 30 days)	12 656	(432 378)
31 - 60 Days	32 880	(113 886)
61 - 90 Days	32 420	(99 928)
+ 90 Days	478 367	889 521
Total	556 323	243 329

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS (<i>Continue</i>)	2021 R	2020 R
<u>(Total): Ageing</u>		
Current (0 - 30 days)	1 460 910	935 409
31 - 60 Days	1 141 716	1 009 523
61 - 90 Days	1 057 656	875 839
+ 90 Days	18 859 817	14 451 380
Total	22 520 099	17 272 151

Summary of Debtors by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2021			
Current (0 - 30 days)	1 045 055	249 412	166 443
31 - 60 Days	951 633	168 317	21 766
61 - 90 Days	899 978	149 997	7 682
+ 90 Days	17 976 662	645 644	237 510
Sub-total	20 873 328	1 213 370	433 401
Less: Provision for Debt Impairment	(19 110 521)	(922 230)	
Total debtors by customer classification	1 762 807	291 140	433 401

Summary of Debtors by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2020			
Current (0 - 30 days)	672 800	120 128	142 481
31 - 60 Days	715 833	102 377	191 313
61 - 90 Days	636 850	87 058	151 932
+ 90 Days	13 870 110	295 041	286 229
Sub-total	15 895 592	604 604	771 955
Less: Provision for Debt Impairment	(14 091 235)	(322 905)	
Total debtors by customer classification	1 804 357	281 699	771 955

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	14 414 140	10 447 186
Contribution to provision	5 814 487	4 285 271
VAT on provision	-	-
Reversal of provision	(195 876)	(318 316)
Balance at end of year	20 032 751	14 414 140

The total amount of this provision is R20 032 751 and consist of:

Services	19 078 691	13 832 081
Other Debtors	954 060	582 060
Total Provision for Debt Impairment on Receivables from exchange transactions	20 032 751	14 414 140

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
8. RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continue)		
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	1 141 716	1 009 523
2+ months past due	1 345 632	1 848 488
	<u>2 487 348</u>	<u>2 858 011</u>

The provision for doubtful debts on debtors (receivables) exists due to the possibility that not all debts will be recovered. Receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Taxes - Rates	2 010 587	1 739 657
Fines	38 988 716	35 589 275
Other Receivables	1 021 446	952 732
	42 020 748	38 281 663
<u>Less:</u> Provision for Debt Impairment	<u>(40 609 649)</u>	<u>(37 015 451)</u>
Total Receivables from non-exchange transactions	<u>1 411 100</u>	<u>1 266 213</u>

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

(Rates): Ageing

Current (0 - 30 days)	170 235	88 671
31 - 60 Days	91 267	90 712
61 - 90 Days	76 231	70 736
+ 90 Days	1 672 854	1 489 538
Total	<u>2 010 587</u>	<u>1 739 657</u>

Summary of Debtors (Rates) by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2021			
Current (0 - 30 days)	191 690	(20 706)	(750)
31 - 60 Days	84 089	5 174	2 004
61 - 90 Days	69 893	4 450	1 888
+ 90 Days	976 377	629 624	66 853
Sub-total	1 322 049	618 542	69 996
<u>Less:</u> Provision for Debt Impairment	<u>(1 040 505)</u>	<u>(611 283)</u>	
Total debtors by customer classification	<u>281 544</u>	<u>7 260</u>	<u>69 996</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (*Continue*)

Summary of Debtors (Rates) by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2020			
Current (0 - 30 days)	129 876	(39 354)	(1 852)
31 - 60 Days	84 914	5 606	192
61 - 90 Days	66 252	4 292	191
+ 90 Days	960 905	454 578	74 056
Sub-total	1 241 948	425 123	72 586
Less: Provision for Debt Impairment	(1 085 471)	(371 560)	
Total debtors by customer classification	156 477	53 563	72 586

Reconciliation of Provision for Debt Impairment

	2021 R	2020 R
Balance at beginning of year	37 015 451	32 895 849
Contribution to provision	3 594 198	4 126 203
Reversal of provision	-	(6 602)
Balance at end of year	40 609 649	37 015 451

The total amount of this provision is R40 609 649 and consist of:

Taxes	1 651 788	1 457 031
Fines	38 957 861	35 558 420
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	40 609 649	37 015 451

Ageing of amounts past due but not impaired:

1 month past due	91 267	90 712
2+ months past due	267 532	191 914
	358 799	282 626

The provision for doubtful debts on debtors exists due to the possibility that not all debts will be recovered. Receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
10. BANK ACCOUNTS		
10.1 <u>Cash and Cash Equivalents</u>		
Current Accounts	604 576	45 169 184
Call Deposits and Investments	-	-
Cash On-hand	3 050	3 050
Total Cash and Cash Equivalents - Assets	607 626	45 172 234
10.2 <u>Short-term Investments</u>		
Call Deposits	51 329 293	6 794 693
Total Short-term Investments	51 329 293	6 794 693
A Bank Guarantee is retained for Eskom by Absa Bank	1 199 000	1 199 000
The municipality has the following bank accounts:		
<u>Current Accounts</u>		
Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):	518 693	45 169 184
	518 693	45 169 184
<u>Call Deposits and Investments</u>		
Prince Albert ABSA Bank - Account Number 9287334653 (Savings Account):	1 231 281	6 794 693
Prince Albert ABSA Bank - Account Number 9360966391 (Call Deposit Account):	50 098 011	-
	51 329 293	6 794 693
Details of the current account is as follow:		
<i>Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):</i>		
Cash book balance at beginning of year	45 169 184	30 206 669
Cash book balance at end of year	604 576	45 169 184
Less: Cash on hand not deposited	(85 882)	
	518 693	45 169 184
Bank statement balance at beginning of year	45 134 041	30 245 407
Bank statement balance at end of year	518 693	45 134 041
11. LONG-TERM BORROWINGS		
Capitalised Lease Liability - At amortised cost	233 079	
	233 079	-
Less: Current Portion transferred to Current Liabilities	(91 704)	-
Capitalised Lease Liability - At amortised cost	(91 704)	
	141 375	-
Total Long-term Borrowings	141 375	-
11.1 The obligations under finance leases are scheduled below:		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
11. LONG-TERM BORROWINGS (Continue)		
		Minimum payments
Amounts payable under finance leases:		
Payable within one year	105 115	
Payable within two to five years	148 912	
	<u>254 027</u>	<u>-</u>
Less: Future finance obligations	(20 948)	
Present value of finance lease obligations	<u>233 079</u>	<u>-</u>

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Konica Minolta	Photo copiers	7%	0%	3 Years	30/11/2023

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 2

12. NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	21 314 841	20 245 127
Total Non-current Provisions	<u>21 314 841</u>	<u>20 245 127</u>

12.1 Landfill Sites

Balance 1 July	20 245 127	20 675 809
Contribution for the year		1 328 253
Increase/(Decrease) due to discounting	1 069 714	
Expenditure for the year		
Increase due to re-measurement		
Change in Accounting Policy - Note		
Correction of Error - Note 43.12		(1 758 935)
Total provision 30 June	<u>21 314 841</u>	<u>20 245 127</u>
Less: Transfer of Current Portion to Current Provisions - Note 7	-	-
Balance 30 June	<u>21 314 841</u>	<u>20 245 127</u>

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Prince Albert	Leeu Gamka	Klaarstroom
Rehabilitation area (m ²)	23 504	13 775	5 232
Costs for rehabilitation and closure:			
Preliminary and general	1 174 442	774 448	368 894
Site clearance and preparation	28 910	16 943	6 435
Storm water control measures	1 516 204	1 014 716	723 621
Capping	5 363 231	3 506 788	1 363 196
Leachate management	498 678	341 768	225 027
Fencing	12 066	12 066	12 066
Other:			
Environmental authorisation (closure license)	445 500	445 500	445 500
Technical ROD	195 000	195 000	195 000
Install groundwater monitoring boreholes with lockable caps	135 433	151 873	186 983
Landscape architects	133 210	132 941	131 065
Water use license	35 000	35 000	35 000
Topographical survey as per quotation area (minimum R6 750)	13 450	9 607	6 750
Contingencies (10% of total construction costs)	859 353	566 673	269 924
Engineering: Professional fees	993 518	757 528	365 819
Site supervision (Engineer's representative)	305 083	223 876	87 412
Site supervision (Environmental control officer & OHS agent)	80 467	93 728	42 721
Total (Excl VAT)	11 789 545	8 278 456	4 465 412
Cost per rehab (m ²)	502	601	853

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

		2021 R	2020 R
12. NON-CURRENT PROVISIONS (Continue)			
<p>In terms of the licencing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R21 314 841 (2020: R22 004 063) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the Government Bond rate of borrowing.</p>			
	Estimated decommission date		
Location			
Prince Albert	2024	11 905 484	10 811 083
Leeu Gamka	2022	8 278 456	7 271 344
Klaarstroom	2048	1 130 900	3 921 635
		21 314 841	22 004 063

The estimated decommission date for the Leeu Gamka landfill site is 2022. If a landfill site reaches full capacity, rehabilitation only has to start within the next 5 years. Nothing has been planned or implemented to rehabilitate the site and management is of the opinion that no expenditure for decommissioning of the landfill site will be incurred during the next 12 months.

13. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	5 852 000	5 820 000
Provision for Ex-Gratia Pension Benefits	7 475	7 198
Provision for Long Service Awards	1 346 000	1 263 000
Total Non-current Employee Benefits	7 205 475	7 090 198

Post Retirement Health Care Benefits

Balance 1 July	6 134 000	5 740 390
Contribution for the year	95 000	127 967
Interest cost	639 000	532 514
Expenditure for the year	(287 864)	(260 770)
Actuarial Loss/(Gain)	(407 136)	(6 101)
Total provision 30 June	6 173 000	6 134 000

Less: Transfer of Current Portion to Current Provisions - Note 15

	(321 000)	(314 000)
Balance 30 June	5 852 000	5 820 000

Ex-Gratia Pensions

Balance 1 July	40 811	40 353
Interest cost	1 880	1 930
Expenditure for the year	(16 488)	(33 881)
Actuarial Loss/(Gain)	(1 593)	32 409
Total provision 30 June	24 610	40 811

Less: Transfer of Current Portion to Current Provisions - Note 15

	(17 135)	(33 613)
Balance 30 June	7 475	7 198

Long Service Awards

Balance 1 July	1 385 000	1 351 678
Contribution for the year	140 000	132 266
Interest cost	99 000	105 862
Expenditure for the year	(94 784)	(135 028)
Actuarial Loss/(Gain)	(123 216)	(69 778)
Total provision 30 June	1 406 000	1 385 000

Less: Transfer of Current Portion to Current Provisions - Note 15

	(60 000)	(122 000)
Balance 30 June	1 346 000	1 263 000

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
13. NON-CURRENT EMPLOYEE BENEFITS (Continue)		
13.1 Provision for Post Retirement Health Care Benefits		
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	16	18
In-service (employee) non-members	35	35
Continuation members (e.g. Retirees, widows, orphans)	7	7
Total Members	58	60

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

In-service members	1 235 000	1 582 000
In-service non-members	443 000	332 000
Continuation members	4 488 000	4 220 000
Total Liability	6 166 000	6 134 000

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2019 R	2018 R	2017 R
In-service members	2 001 036	2 226 921	1 733 106
In-service non-members	355 769	528 559	505 872
Continuation members	3 383 584	2 607 661	2 325 739
Total Liability	5 740 389	5 363 141	4 564 718

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
LA Health
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R95 000, whereas the Current-service Cost for the next year is estimated to be R106 000.

Comparison of Valuation Assumptions	2021 %	2020 %
Assumption		
Discount rate	10,24%	10,68%
Health care cost inflation rate	6,78%	6,70%
Net discount rate	3,24%	3,73%
Average retirement age	62	
Mortality during employment	SA 85 - 90	
Mortality post-employment	PA(90) -1 with a 1% mortality improvement p.a. from 2010	

Withdrawal rates

Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55+	0%	0%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

		2021 %	2020 %
13. NON-CURRENT EMPLOYEE BENEFITS (Continue)			
Proportion with a spouse dependant at retirement		60%	
Continuation of membership at retirement		75%	
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy at retirement		15%	

	2021 R	2020 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	6 173 000	6 134 000
	6 173 000	6 134 000
Net liability/(asset)	6 173 000	6 134 000

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	6 134 000	5 740 390
Total expenses	446 136	548 723
Current service cost	95 000	127 967
Interest Cost	639 000	532 514
Benefits Paid	(287 864)	(111 758)
Actuarial (gains)/losses	(407 136)	(155 113)
Present value of fund obligation at the end of the year	6 173 000	6 134 000

Sensitivity Analysis on the Accrued Liability on 30 June 2021

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	1.678	4.488	6.166

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation rate	1%	2.064	5.058	7.122	16%
Health care inflation rate	-1%	1.377	4.018	5.395	-13%
Discount rate	1%	1.388	4.035	5.423	-12%
Discount rate	-1%	2.054	5.044	7.098	15%
Post-employment mortality	1 year	1.632	4.370	6.002	-3%
Post-employment mortality	-1 year	1.723	4.606	6.329	3%
Average retirement age	-1 year	1.796	4.488	6.284	2%
Membership continuation	-10%	1.471	4.488	5.959	-3%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2022

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		106 000	615 000	721 000	
Health care inflation rate	1%	138 000	713 000	851 000	18%
Health care inflation rate	-1%	83 000	537 000	620 000	-14%
Discount rate	1%	85 000	592 000	677 000	-6%
Discount rate	-1%	135 000	641 000	776 000	8%
Post-employment mortality	1 year	103 000	599 000	702 000	-3%
Post-employment mortality	-1 year	109 000	632 000	741 000	3%
Average retirement age	-1 year	115 000	627 000	742 000	3%
Membership continuation	-10%	94 000	594 000	688 000	-5%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
13. NON-CURRENT EMPLOYEE BENEFITS (Continue)		
13.2 Ex-Gratia Pensions		
The Ex-Gratia plans are defined benefit plans.		
Changes in eligible employees since the last valuation date		
Number of employees as at 1 July	6	6
Exits during the year	<u>1</u>	<u>0</u>
Number of employees as at 30 June	5	6

Comparison of Valuation Assumptions

Assumptions

	2021 %	2020 %
Discount rate	8,18%	7,73%
Average retirement age		62
Pre-retirement mortality		SA85-90

Withdrawal rates

Age	Females	Males
40	5%	5%
50	3%	3%
55	0%	0%

	2021 R	2020 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	<u>24 610</u>	<u>40 811</u>
	<u>24 610</u>	<u>40 811</u>
Net liability/(asset)	<u>24 610</u>	<u>40 811</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	40 811	40 353
Total expenses	(14 608)	(31 951)
Interest Cost	1 880	1 930
Benefits Paid	(16 488)	(33 881)
Actuarial (gains)/losses	<u>(1 593)</u>	<u>32 409</u>
Present value of fund obligation at the end of the year	<u>24 610</u>	<u>40 811</u>

Sensitivity Analysis on the Accrued Liability on 30 June 2021

Assumption	Change	Liability (Rm)	% change
Central assumptions		24 610	
Discount rate	1%	24 138	-2%
Discount rate	-1%	25 131	2%
Average retirement age	-1 year	25 162	2%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
		R	R

13. NON-CURRENT EMPLOYEE BENEFITS (*Continue*)

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2021

Assumption

**Interest Cost
(R)**

Central Assumptions 1 880

The effect of movements in the assumptions are as follows:

Assumption	Change	Interest Cost (R)	% change
Discount rate	1%	2 081	11%
Discount rate	-1%	1 672	-11%
Average retirement age	-1 year	1 918	2%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2022

Assumption

**Interest Cost
(R)**

Central Assumptions 1 326

The effect of movements in the assumptions are as follows:

Assumption	Change	Interest Cost (R)	% change
Discount rate	1%	1 447	9%
Discount rate	-1%	1 200	-10%
Average retirement age	-1 year	1 371	3%

13.3 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 57 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R140 000 whereas the Current-service Cost for the next year is estimated to be R149 000.

Comparison of Valuation Assumptions

Assumptions

2021	2020
%	%

Discount rate	9,62%	7,49%
General earnings inflation rate (long-term)	5,91%	4,07%
Net discount rate	3,50%	3,29%
Average retirement age	62	
Pre-retirement mortality	SA85-90	

Withdrawal rates

Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55+	0%	0%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
13. NON-CURRENT EMPLOYEE BENEFITS (Continue)		
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1 406 000	1 385 000
	<u>1 406 000</u>	<u>1 385 000</u>
Net liability/(asset)	<u>1 406 000</u>	<u>1 385 000</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 385 000	1 351 678
Total expenses	144 216	103 100
Current service cost	140 000	132 266
Vested past service cost		
Interest Cost	99 000	105 862
Benefits Paid	(94 784)	(135 028)
Actuarial (gains)/losses	(123 216)	(69 778)
Present value of fund obligation at the end of the year	<u>1 406 000</u>	<u>1 385 000</u>

Sensitivity Analysis on the Accrued Liability on 30 June 2021

Assumption	Change	Liability (Rm)	% change
Central assumptions		1 406 000	
General earning inflation rate	1%	1 501 000	7%
General earning inflation rate	-1%	1 321 000	-6%
Discount rate	1%	1 319 000	-6%
Discount rate	-1%	1 504 000	7%
Average retirement age	2 yrs	1 567 000	11%
Average retirement age	-2 yrs	1 332 000	-5%
Withdrawal rates	X2	1 100 000	-22%
Withdrawal rates	X0.5	1 622 000	15%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2021

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	140 000	99 000	239 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General earnings inflation rate	1%	153 000	106 000	259 000	8%
General earnings inflation rate	-1%	128 000	93 000	221 000	-8%
Discount rate	+1%	129 000	105 000	234 000	-2%
Discount rate	-1%	152 000	92 000	244 000	2%
Average retirement age	2 year	155 000	113 000	268 000	12%
Average retirement age	-2 year	129 000	94 000	223 000	-7%
Withdrawal Rate	X2	97 000	77 000	174 000	-27%
Withdrawal Rate	X0.5	173 000	115 000	288 000	21%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

		2021 R	2020 R
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13. NON-CURRENT EMPLOYEE BENEFITS (*Continue*)

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2022

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	149 000	132 000	281 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General earnings inflation rate	1%	163 000	142 000	305 000	9%
General earnings inflation rate	-1%	138 000	124 000	262 000	-7%
Discount rate	+1%	139 000	137 000	276 000	-2%
Discount rate	-1%	162 000	127 000	289 000	3%
Average retirement age	2 year	163 000	148 000	311 000	11%
Average retirement age	-2 year	137 000	125 000	262 000	-7%
Withdrawal Rate	X2	104 000	103 000	207 000	-26%
Withdrawal Rate	X0.5	184 000	153 000	337 000	20%

2021 R	2020 R
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Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(63 000)	(12 227)
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2 019 Rm	2018 Rm	2017 Rm
Liabilities: (Gain) / loss	6 712	73 154	(9 112)
Assets: Gain / (loss)	-	-	-

13.4 Retirement funds

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

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

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

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund has a funding level of 100,0% (30 June 2019 - 100,7%).

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
13. NON-CURRENT EMPLOYEE BENEFITS (Continue)		
<u>CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)</u>		
The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in a sound financial position with a funding level of 100,5% (30 June 2019 - 100,3%).		
<u>DEFINED CONTRIBUTION FUNDS</u>		
Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.		
Contributions paid recognised in the Statement of Financial Performance		
Consolidated Retirement Fund (previously Cape Joint Retirement Fund)		
SAMWU National Provident Fund		
Council's contributions paid to all pension funds recognised in the Statement of Financial Performance	1 935 704	1 783 623
14. CONSUMER DEPOSITS		
Electricity	176 486	246 532
Rental Properties	7 488	7 488
Water	396 821	261 730
Posters	2 400	2 400
Electricity Deposit Vendor Pre-paid	6 000	6 000
Total Consumer Deposits	589 196	524 150
The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.		
15. CURRENT EMPLOYEE BENEFITS		
Staff Bonuses	604 821	664 064
Staff Leave	1 274 108	1 235 766
Current Portion of Non-Current Provisions	398 135	469 613
Current Portion of Post Retirement Benefits - Note 13	321 000	314 000
Current Portion of Ex-Gratia Pension Provisions - Note 13	17 135	33 613
Current Portion of Long-Service Provisions - Note 13	60 000	122 000
Total Provisions	2 277 064	2 369 443
The movement in current provisions are reconciled as follows:		
15.1 <u>Staff Bonuses</u>		
Balance at beginning of year	664 064	578 287
Contribution to current portion	1 009 494	1 117 544
Expenditure incurred	(1 068 737)	(1 031 767)
Balance at end of year	604 821	664 064
Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
15. CURRENT EMPLOYEE BENEFITS (Continue)		
15.2 <u>Staff Leave</u>		
Balance at beginning of year	1 235 766	965 893
Contribution to current portion	395 990	404 383
Expenditure incurred	(357 647)	(134 510)
	1 274 108	1 235 766

Staff leave accrue to employees according to Collective Agreement for Local Government. Provision is made for the full cost of accrued leave at reporting date to a maximum of 48 working days as per the Collective Agreement for Local Government. This provision will be realised as employees take leave. Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's term.

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 13 to the Financial Statements.

16. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	10 002 853	4 907 594
Salary control accounts	(23 564)	512 350
Housing	372 002	372 002
Dep Treintjiesrivier	4 000	4 000
Licencing and registration	3 956	1 976
Retentions	686 362	129 063
Unallocated deposits	14 835	29 012
Unidentified deposits	-	216
Advance payments	1 037 417	457 461
	12 097 860	6 413 672

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

17. UNSPENT TRANSFERS AND SUBSIDIES

Unspent Transfers and Subsidies	5 238 152	16 512 613
National Government Grants	0	11 438 425
Provincial Government Grants	4 838 152	4 674 188
District Municipality	400 000	400 000
	5 238 152	16 512 613

See appendix "E" for reconciliation of grants from other spheres of government.

The Unspent Grants are cash-backed.

The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
18. TAXES		
VAT Payable	(2 391 749)	(1 967 837)
VAT Receivable	1 893 647	1 091 832
Net VAT (Payable)/Receivable	(498 103)	(876 005)
<p>VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.</p>		
19. NET ASSET RESERVES		
RESERVES	10 500 000	10 500 000
Capital Replacement Reserve	10 500 000	10 500 000
Total Net Asset Reserve and Liabilities	10 500 000	10 500 000
19.1	The Capital Replacement Reserve is used to finance future capital expenditure from own funds.	
20. PROPERTY RATES		
<u>Actual</u>		
Rateable Land and Buildings	4 919 372	3 980 388
Business and Commercial Property	95 708	-
Farm Properties	1 918 089	2 648 167
Residential Properties	2 905 575	1 332 221
Less: Revenue Forgone	(914 915)	(237 237)
Total Property Rates	4 004 457	3 743 151
<u>Valuations - 1 July 2020</u>		
Rateable Land and Buildings	1 967 961 000	1 967 961 000
Business and Commercial Property	43 307 000	43 307 000
Farm Properties	906 924 000	906 924 000
Mining Properties	2 900 000	2 900 000
Places of Worship	11 889 000	11 889 000
Public Service Infrastructure Properties	553 000	553 000
Residential Properties	898 802 000	898 802 000
Multiple Purposes	23 409 000	23 409 000
Vacant Land	80 177 000	80 177 000
Total Valuation	1 967 961 000	1 967 961 000
<u>Valuations - 1 July 2020</u>		
Per Area: Land and Buildings		
Prince Albert	850 487 000	850 487 000
Leeu-Gamka	32 848 000	32 848 000
Klaarstroom	15 849 000	15 849 000
Welgemoed	9 137 000	9 137 000
Rural	1 059 640 000	1 059 640 000
Total Property Valuations	1 967 961 000	1 967 961 000

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

20. PROPERTY RATES (Continue)

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development. The interim valuation for 2020/21 was not implemented.

Basic Rate	c/R	c/R
Agricultural Property	0.103c/R	0.096c/R
Standard property rates excluding agriculture and vacant land	0.411c/R	0.382c/R
Vacant land	0.520c/R	0.484c/R

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R22 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

21. GOVERNMENT GRANTS AND SUBSIDIES

	2021 R	2020 R
Government Grants and Subsidies - Operating	31 583 389	27 575 829
Equitable Share	25 925 000	21 355 000
Local Government Financial Management Grant (FMG)	1 700 000	1 700 000
Municipal Infrastructure Grant	357 150	378 039
Expanded Public Works Programme Integrated Grant	1 032 000	1 180 000
COVID-19 Pandemic Grant		400 000
Infrastructure Skills Development Grant	20 150	75 719
Library Grant	1 790 000	1 664 000
WC Capacity building (Bursaries)		17 500
WC Capacity building (Corporate Director Salary)		100 000
Thusong service centre		100 000
Community Development Workers	33 916	88 904
Western Cape Financial Management Grant	300 000	484 372
District Municipality - Community Safety Grant	400 000	
Local Government SETA	25 172	32 296
Government Grants and Subsidies - Capital	17 813 786	12 722 998
Municipal Infrastructure Grant	13 160 167	3 856 359
Integrated National Electrification Programme Grant	-	982 674
Municipal Disaster Relief Grant	-	175 653
Western Cape fire truck grant		830 000
Municipal Drought Relief Grant	2 348 464	6 878 311
Regional Socio-economic Project	2 305 156	
Total Government Grants and Subsidies	49 397 175	40 298 827

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
Included in above are the following grants and subsidies received:		
Unconditional	25 925 000	21 355 000
Equitable Share	25 925 000	21 355 000
Conditional	23 472 175	18 943 827
Local Government Financial Management Grant (FMG)	1 700 000	1 700 000
Expanded Public Works Programme Integrated Grant	1 032 000	1 180 000
COVID-19 Pandemic Grant	-	400 000
Infrastructure Skills Development Grant	20 150	75 719
Library Grant	1 790 000	1 664 000
WC Capacity building (Bursaries)	-	17 500
WC Capacity building (Corporate Director Salary)	-	100 000
Thusong service centre	-	100 000
Community Development Workers	33 916	88 904
Western Cape Financial Management Grant	300 000	484 372
District Municipality - Community Safety Grant	400 000	-
Local Government SETA	25 172	32 296
Municipal Infrastructure Grant	13 517 317	4 234 398
Integrated National Electrification Programme Grant	-	982 674
Municipal Disaster Relief Grant	-	175 653
Western Cape fire truck grant	-	830 000
Municipal Drought Relief Grant	2 348 464	6 878 311
Regional Socio-economic Project	2 305 156	-
Total Government Grants and Subsidies	49 397 175	40 298 827

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

Equitable share	25 925 000	21 355 000
Executive & Council	2 687 478	910 335
Finance and Administration	2 020 150	2 277 591
Community & Social Services	2 190 000	3 774 000
Planning & Development	33 916	88 904
Road Transport	1 032 000	-
Energy Sources	-	982 674
Water Management	15 508 630	10 910 324
Total Government Grants and Subsidies	49 397 175	40 298 827

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

21.1 Equitable Share		
Grants received	25 925 000	21 355 000
Conditions met - Operating	(25 925 000)	(21 355 000)
Conditions still to be met	-	-

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.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
21.2 Local Government Financial Management Grant (FMG)		
Grants received	1 700 000	1 700 000
Conditions met - Operating	(1 700 000)	(1 700 000)
Conditions still to be met	-	-
<p>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).</p>		
21.3 Water Services Infrastructure Grant		
Opening balance	-	2 422 292
Repaid to National Revenue Fund	-	(2 422 292)
Conditions still to be met	-	-
<p>The Water Services Infrastructure Grant is paid by National Treasury to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities.</p>		
21.4 Municipal Infrastructure Grant (MIG)		
Opening balance	11 267 602	102 474
Grants received	7 450 000	15 502 000
Repaid to National Revenue Fund	(5 200 285)	(102 474)
Conditions met - Operating	(357 150)	(378 039)
Conditions met - Capital	(13 160 167)	(3 856 359)
Conditions still to be met	-	11 267 602
<p>To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities; to provide specific funding for the development of asset management plans for infrastructure servicing the poor.</p>		
21.5 Integrated National Electrification Grant		
Opening balance	117 326	-
Grants received	-	1 100 000
Repaid to National Revenue Fund	(117 326)	-
Conditions met - Capital	-	(982 674)
Conditions still to be met	-	117 326
<p>To implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure.</p>		
21.6 Expanded Public Works Programme Integrated Grant		
Grants received	1 032 000	1 180 000
Conditions met - Operating	(1 032 000)	(1 180 000)
Conditions still to be met	-	-
<p>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 Expanded Public Works Programme guidelines: road maintenance and the maintenance of buildings; low traffic volume roads and rural roadsbasic services infrastructure, including water and sanitation reticulation (excluding bulk infrastructure); other economic and social infrastructuretourism and cultural industries; waste management; parks and beautification; sustainable land-based livelihoods; social services programmes; community safety programmes.</p>		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
21.7 COVID-19 Pandemic Grant		
Grants received		400 000
Conditions met - Operating		(400 000)
Conditions still to be met	-	-
Grant received to address Covid-19 related expenditure		
21.8 Municipal Disaster Relief Grant		
Opening balance	33 347	-
Grants received	-	209 000
Repaid to National Revenue Fund	(33 347)	-
Conditions met - Capital	-	(175 653)
Conditions still to be met	-	33 347
To provide for the immediate release of funds for disaster response.		
21.9 Library Grant		
Opening balance	1	1
Grants received	1 790 000	1 664 000
Conditions met - Operating	(1 790 000)	(1 664 000)
Conditions still to be met	1	1
To transform urban and rural public library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.		
21.10 Regional Socio-Economic Projects (RSEP)		
Opening balance	1 500 000	-
Grants received	4 500 000	1 500 000
Conditions met - Capital	(2 305 156)	-
Conditions still to be met	3 694 844	1 500 000
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.11 WC Capacity building (Bursaries)		
Opening balance	722 500	491 920
Grants received	-	380 000
Repaid to National Revenue Fund	(722 500)	(131 920)
Conditions met - Operating	-	(17 500)
Conditions still to be met	-	722 500
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.12 WC Capacity building (Corporate Director Salary)		
Grants received	-	100 000
Conditions met - Operating	-	(100 000)
Conditions still to be met	-	-
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
21. GOVERNMENT GRANTS AND SUBSIDIES (<i>Continue</i>)		
21.13 <u>Internship recruitment</u>		
Opening balance	20 150	15 869
Grants received	-	80 000
Conditions met - Operating	(20 150)	(75 719)
Conditions still to be met	<u>0</u>	<u>20 150</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.14 <u>Western Cape fire truck grant</u>		
Grants received	-	830 000
Conditions met - Capital	-	(830 000)
Conditions still to be met	<u>-</u>	<u>-</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.15 <u>Thusong service centre</u>		
Grants received	-	100 000
Conditions met - Operating	-	(100 000)
Conditions still to be met	<u>-</u>	<u>-</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.16 <u>Community Development Workers</u>		
Opening balance	-	(59 096)
Grants received	56 000	148 000
Conditions met - Operating	(33 916)	(88 904)
Conditions still to be met	<u>22 084</u>	<u>-</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.17 <u>Municipal Drought Relief Grant</u>		
Opening balance	1 571 689	-
Grants received	1 818 000	8 450 000
Conditions met - Capital	(2 348 464)	(6 878 311)
Conditions still to be met	<u>1 041 225</u>	<u>1 571 689</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.18 <u>Western Cape Helix Innovative Government Programme</u>		
Opening balance	-	840 000
Repaid to National Revenue Fund	-	(840 000)
Conditions still to be met	<u>-</u>	<u>-</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
21.19 <u>Western Cape Financial Management Grant</u>		
Opening balance	879 998	29 370
Grants received	300 000	1 335 000
Repaid to National Revenue Fund	(800 000)	-
Conditions met - Operating	(300 000)	(484 372)
Conditions still to be met	<u>79 998</u>	<u>879 998</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.20 <u>Financial Capacity - SDBIP</u>		
Opening balance	-	135 428
Repaid to National Revenue Fund	-	(135 428)
Conditions still to be met	<u>-</u>	<u>-</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.21 <u>Additional WC Drought relief for Boreholes</u>		
Opening balance	-	1 105 452
Repaid to National Revenue Fund	-	(1 105 452)
Conditions still to be met	<u>-</u>	<u>-</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.22 <u>Central Karoo District Municipality</u>		
Opening balance	400 000	-
Grants received	400 000	400 000
Conditions met - Operating	(400 000)	-
Conditions still to be met	<u>400 000</u>	<u>400 000</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.23 <u>SETA</u>		
Grants received	25 172	32 296
Conditions met - Operating	(25 172)	(32 296)
Conditions still to be met	<u>-</u>	<u>-</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
21.24 Total Grants		
Opening balance	16 512 613	5 083 708
Grants received	44 996 172	56 465 296
Repaid to National Revenue Fund	(6 873 458)	(4 737 565)
Conditions met - Operating	(31 583 389)	(27 575 829)
Conditions met - Capital	(17 813 786)	(12 722 998)
Conditions still to be met/(Grant expenditure to be recovered)	<u>5 238 152</u>	<u>16 512 613</u>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	<u>5 238 152</u>	<u>16 512 613</u>
Total	<u>5 238 152</u>	<u>16 512 613</u>
22. SERVICE-IN-KIND		
Public Contributions - Conditional	2 710 839	3 371 147
Total Public Contributions and Donations	<u>2 710 839</u>	<u>3 371 147</u>
<u>Reconciliation of conditional contributions:</u>		
22.1 Allocations in kind - NT contribution on audit fees		
Grants received	1 817 737	2 480 045
Conditions met - Operating	(1 817 737)	(2 480 045)
Conditions still to be met	<u>-</u>	<u>-</u>
In terms Section 23(5) of the Public Audit Act, National Treasury, in the past, paid any audit fees exceeding 1% of the municipality's operating and capital budgets. National Treasury did not pay the full amounts for 2018/19, 2019/20 and 2020/21. This causes doubt if this outstanding amounts will be paid and if the municipality will receive any assistance in future. No correspondence have been received why National Treasury did not pay the full amount and if any payments will be made in future.		
22.2 Allocations in kind - MISA - Engineering services		
Grants received	893 102	891 102
Conditions met - Operating	(893 102)	(891 102)
Conditions still to be met	<u>-</u>	<u>-</u>
The municipality received technical assistance from MISA (Municipal Infrastructure Support Agency). The applicable amount is provided by MISA calculated on the services they rendered to the municipality.		
22.3 Total Conditional Contributions		
Grants received	2 710 839	3 371 147
Conditions met - Operating	(2 710 839)	(3 371 147)
Conditions still to be met	<u>-</u>	<u>-</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
23. LICENCES AND PERMITS		
Road and Transport	123 702	73 421
Total Licences and Permits	123 702	73 421
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	123 702	73 421
Total Licences and Permits	123 702	73 421
24. SERVICE CHARGES		
Electricity	16 483 399	14 851 138
Service Charges	17 518 414	15 717 125
Less: Revenue Forgone	(1 035 015)	(865 987)
Water	5 517 086	4 353 877
Service Charges	6 746 394	5 536 162
Less: Revenue Forgone	(1 229 308)	(1 182 285)
Waste Management	3 852 863	3 395 730
Service Charges	5 552 220	5 048 806
Less: Revenue Forgone	(1 699 356)	(1 653 076)
Waste Water Management	1 952 312	1 704 452
Service Charges	3 030 976	2 715 220
Less: Revenue Forgone	(1 078 664)	(1 010 768)
Total Service Charges	27 805 660	24 305 197
Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
25. SALES OF GOODS AND RENDERING OF SERVICES		
Building Plan Approval	174 242	98 710
Cemetery and Burial	44 540	23 009
Entrance Fees	2 764	13 478
Fire Services	217 395	-
Photocopies and Faxes	911	407
Sale of Goods	130	209
Tender Documents	37 900	15 344
Town Planning and Servitudes	40 603	50 664
Valuation Services	16 743	8 892
Total Sales of Goods and Rendering of Services	535 230	210 712
26. RENT ON LAND		
Land	111 860	136 884
Grazing Fees	111 860	136 884
Total Rent on Land	111 860	136 884

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
27. RENTAL FROM FIXED ASSETS		
Investment Property	253 639	350 691
Property, Plant and Equipment	50 286	1 876
Total Rental from Fixed Assets	303 924	352 566
28. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	26 708	75 436
Financial assets	2 294 722	3 283 296
Total Interest Earned - External Investments	2 321 430	3 358 732
29. INTEREST EARNED - EXCHANGE TRANSACTIONS		
Trade Receivables	1 503 321	891 678
Total Interest Earned - Outstanding Receivables	1 503 321	891 678
30. OPERATIONAL REVENUE		
Administrative Handling Fees	97 172	109 618
Commission	5 016	6 706
Insurance Refund	36 789	46 236
Total Operational Revenue	138 977	162 561
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	138 977	162 561
Total Operational Revenue	138 977	162 561
31. EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	16 770 679	15 725 432
Pension and UIF Contributions	2 083 200	1 916 270
Medical Aid Contributions	637 168	618 421
Overtime	1 008 627	868 797
Bonuses	1 009 494	1 174 978
Motor Vehicle Allowance	277 412	316 394
Cell Phone Allowance	182 851	179 569
Housing Allowances	111 184	103 669
Other benefits and allowances	769 968	724 616
Payments in lieu of leave	395 990	404 383
Workmen's Compensation Fund	125 281	108 206
Post-retirement Benefit Obligations	974 880	900 539
Medical - Note 13.1	734 000	766 343
Current Service Cost	95 000	127 967
Interest Cost	639 000	638 376
Ex-Gratia Pension - Note 13.2	1 880	1 930
Interest Cost	1 880	1 930
Long Service Awards - Note 13.3	239 000	132 266
Total Employee Related Costs	24 346 733	23 041 275

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
31. EMPLOYEE RELATED COSTS (Continue)		
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - Ms A Vorster</i>		
Basic Salary	800 759	804 649
Pension and UIF Contributions	149 870	145 980
Motor Vehicle Allowance	180 000	180 000
Cell Phone Allowance	36 000	35 000
Total	1 166 629	1 165 629
<i>Remuneration of the Chief Financial Officer - Mr J Neethling (Retired January 2021)</i>		
Basic Salary	562 402	754 420
Pension and UIF Contributions	54 288	155 615
Motor Vehicle Allowance	64 000	96 000
Cell Phone Allowance	20 000	30 000
Other benefits and allowances	27 500	-
Total	728 190	1 036 035
32. REMUNERATION OF COUNCILLORS		
Mr G Lottering	850 466	850 466
Ms S Piedt	400 982	299 491
Ms E Maans	671 456	299 491
Mr S Botes	325 087	689 253
Ms MD Jaftha	299 491	299 491
Ms K Jaquet	307 981	404 143
Mr SD Koonthea	299 491	208 930
Mr RM Steyn		75 690
Total Councillors' Remuneration	3 154 954	3 126 956

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Total
Executive Mayor / Mayor	652 466	153 600	44 400	850 466
Deputy-Mayor	290 482	66 100	44 400	400 982
Speaker	510 906	116 150	44 400	671 456
Councillors	856 900	197 550	177 600	1 232 050
Total Councillors' Remuneration	2 310 754	533 400	310 800	3 154 954

In-kind Benefits

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

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
33. CONTRACTED SERVICES		
Outsourced Services	1 552 970	1 440 642
Business and Advisory	67 382	39 946
Clearing and Grass Cutting Services	156 410	208 360
Internal Auditors	762 190	563 544
Security Services	28 197	21 600
Traffic Fines Management	-	18 914
Electrical	538 792	588 278
Consultants and Professional Services	1 964 490	1 771 642
Business and Advisory	1 018 089	787 745
Accounting and Auditing	891 822	591 834
Audit Committee	111 727	97 966
Commissions and Committees	636	-
Research and Advisory	7 991	49 076
Valuer and Assessors	5 913	48 869
Infrastructure and Planning	893 102	891 102
Land and Quantity Surveyors	893 102	891 102
Laboratory Services	35 388	58 520
Water	35 388	58 520
Legal Cost	17 912	34 275
Legal Advice and Litigation	17 912	34 275
Contractors	1 818 473	1 972 243
Bore Waterhole Drilling	6 190	1 976
Event Promoters	-	4 500
Maintenance of Buildings and Facilities	339 084	430 423
Maintenance of Equipment	679 879	901 015
Maintenance of Unspecified Assets	793 320	634 329
Total Contracted Services	5 335 934	5 184 527
34. DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	5 372 677	4 577 971
Intangible Assets	23 215	22 158
Investment Property carried at cost	6 781	6 696
Heritage Assets	0	-
Total Depreciation and Amortisation	5 402 672	4 606 825
35. FINANCE COSTS		
Long-term Borrowings	8 697	-
Non-current Provisions	713 731	1 141 664
Payables	95 722	-
Total Finance Costs	818 150	1 141 664
36. BULK PURCHASES		
Electricity	12 097 619	11 377 110
Total Bulk Purchases	12 097 619	11 377 110

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
37. TRANSFERS AND SUBSIDIES		
Operational	320 000	1 225 386
Allocations In-kind	-	915 386
Households	-	851 951
Provincial Government	-	17 500
Public Corporations	-	45 935
Monetary Allocations	320 000	310 000
Non-profit Institutions	320 000	310 000
Total Transfers and Subsidies	320 000	1 225 386
38. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	243 704	217 825
Audit Fees	2 652 195	3 084 183
Bank Charges, Facility and Card Fees	219 975	197 133
Cleaning Services	2 046	-
Commission	395 233	368 175
Communication	753 595	695 881
Deeds	13 732	13 184
Entertainment	54 772	67 891
External Computer Service	2 084 245	1 960 684
Hire Charges	85 435	10 661
Insurance Underwriting	498 819	361 290
Levies Paid - Water Resource Management Charges	22 225	76 171
Licences	99 104	81 422
Municipal Services	555 038	549 356
Printing, Publications and Books	231 198	203 143
Professional Bodies, Membership and Subscription	505 374	500 900
Remuneration to Ward Committees	188 500	192 850
Skills Development Fund Levy	153 506	141 036
Travel and Subsistence	800 311	1 246 291
Uniform and Protective Clothing	96 234	50 786
Vehicle Tracking	34 058	34 007
Wet Fuel	1 017 907	930 526
Total Operational Costs	10 707 205	10 983 393
39. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 8	(5 618 611)	(3 966 954)
Receivables from Non-exchange Revenue - Note 9	(3 594 198)	(4 119 602)
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	(9 212 809)	(8 086 556)
40. GAINS/ (LOSS) ON SALE OF FIXED ASSETS		
Property, Plant and Equipment	150 856	(55 071)
Total Gains/ (Loss) on Sale of Fixed Assets	150 856	(55 071)
41. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS		
Reversal of impairment loss on the capitalised restoration costs for the landfill sites	491 664	(337 254)
Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets	491 664	(337 254)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
42. WATER LOSSES		
Real Losses	661 372	671 248
Total Water Losses	<u>661 372</u>	<u>671 248</u>
43. CORRECTION OF ERROR IN TERMS OF GRAP 3		
		2020 R
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
43.1 Heritage Assets		
Balance previously reported		1 118 734
Depreciation, incorrectly calculated on Heritage Assets, reversed		126 266
Restated Balance		<u>1 245 000</u>
43.2 Receivables from Exchange Transactions		
Balance previously reported		2 868 749
Reversal of incorrect levy for suction tank removal during 2019/20		(10 738)
Restated Balance		<u>2 858 011</u>
43.3 Cash and Cash Equivalents		
Balance previously reported		51 966 927
A call account investment at Nedbank moved to Short-term Investments.		(6 794 693)
Restated Balance		<u>45 172 234</u>
43.4 Short-term Investments		
Balance previously reported		-
A call deposit at Nedbank previously disclosed as part of Cash and Cash Equivalents, now disclosed as Short-term Investments		6 794 693
Restated Balance		<u>6 794 693</u>
43.5 Non-Current Employee Benefits		
Balance previously reported		7 090 198
Contribution from continued members of medical aid incorrectly disclosed as contributions to medical aid		111 758
Actual payments to medical aid incorrectly disclosed as expenditure		(260 770)
Actuarial gains incorrectly calculated due to contributions captured as expenditure		149 011
Restated Balance		<u>7 090 198</u>
43.6 Consumer Deposits		
Balance previously reported		515 750
Poster deposits previously disclosed under other payables		2 400
Deposits paid by pre-paid electricity vendors previously disclosed as other payables		6 000
Restated Balance		<u>524 150</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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43. CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continue)	
43.7 Trade and Other Payables from Exchange Transactions	
Balance previously reported	5 811 727
Payments made to Workmans Compensation fund iro 2011, 2016 and 2018	327 140
Payment made to SALGA iro TASK job evaluation system costs for 2016/17	5 857
Poster deposits previously disclosed under other payables	(2 400)
Deposits paid by pre-paid electricity vendors previously disclosed as other payables	(6 000)
Contribution from continued members of medical aid incorrectly disclosed as contributions to medical aid	(111 758)
Capturing of performance bonuses of section 57 employees iro 2019/20 paid during 2020/21	73 509
Capturing of payments made to Workmans Compensation Fund during 2020/21 iro 2019/20. Payment reference no 3065.	105 483
Capturing of contracted services iro 2019/20 paid during 2020/21	52 580
Correction of sundry creditors over provided for during 2019/20	(9 419)
Payment of operational expenditure iro 2019/20 paid during 2020/21	188 967
Audit fees iro 2019/20 paid during 2020/21	25 434
Provision for operational cost duplicated during 2019/20	(47 447)
Restated Balance	6 413 672
43.8 Taxes	
Balance previously reported	839 690
VAT on payments iro 2019/20 paid during 2020/21	(18 495)
VAT on payments prior to 2019/20	(29 695)
Correction of VAT incorrectly adjusted during 2019/20	83 277
Correction of VAT overprovided for during 2019/20	1 229
Restated Balance	876 005
43.9 Accumulated Surplus/(Deficit) - 1 July 2019	
Balance previously reported	158 346 429
Payments made to Workmans Compensation fund iro 2011, 2016 and 2018	(327 140)
Payment made to SALGA iro TASK job evaluation system costs for 2016/17	(5 857)
Adjustment of correction made to VAT opening balances overstated during 2019/20	(53 581)
Performance bonuses of section 57 employees for 2019/20 paid during 2020/21	(73 509)
Payments made to Workmans Compensation Fund during 2020/21 iro 2019/20. Payment reference no 3065.	(105 483)
Payments made to Pit Stop during 2020/21 iro 2019/20. Payment reference no 1754	(13 771)
Security services for 2019/20 paid during 2020/21.	(10 800)
Depreciation, incorrectly calculated on Heritage Assets, reversed	126 266
Payments made to Gamka Motors during 2020/21 iro 2019/20. Payment reference no 1988.	(3 580)
Payments made to Niecor Elektries & Verkoeling during 2020/21 iro 2019/20. Payment reference no 2284.	(532)
Payments made to Traffic Violation Solutions during 2020/21 iro 2019/20. Payment reference no 2474.	(18 914)
Payments made to Mr Transport during 2020/21 iro 2019/20. Payment reference no 1819	(370)
Payments made to TF Transport during 2020/21 iro 2019/20. Payment reference no 1855	(1 391)
Audit fees for 2019/20 paid during 2020/21. Payment reference no 1877	(22 117)
Subsistence and travel and kilometre claims paid to staff during 2020/21 iro 2019/20.	(56 321)
Payments made to Ubertech during 2020/21 iro 2019/20. Payment reference no 1946/2146	(66 573)
Payments made to Prince Albert Vriend during 2020/21 iro 2019/20. Payment reference no 1983.	(6 670)
Reversal of incorrect levy for suction tank removal during 2019/20	(10 738)
Reversal of provision for sundry creditors during 2019/20 iro of incorrect payments	8 190
Council's contribution to continued members of medical aid incorrectly allocated to expenditure instead of provision	260 770
Actuarial gains incorrectly calculated due to contributions on behalf of continued members incorrectly allocated to expenditure	(149 011)
Adjustment to fixed assets due to opening balances not captured correctly with the implementation of the Phoenix financial system	(4)
Adjustment to the rehabilitation of Landfill-site calculation due to time of value of money not recognised in prior year	1 758 936
Total	159 574 229



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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43. CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continue)

43.10 Changes to Statement of Financial Performance

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property Rates	20	3 743 151	-	3 743 151
Surcharges and Taxes		-	-	-
Government Grants and Subsidies - Operating	21	27 575 829	-	27 575 829
Government Grants and Subsidies - Capital	21	12 722 998	-	12 722 998
Service in kind	22	3 371 147	-	3 371 147
Contributed Property, Plant and Equipment		-	-	-
Actuarial Gains	13	224 890	(149 011)	75 879
Availability Charges		-	-	-
Fines, Penalties and Forfeits		3 935 988	-	3 935 988
Interest Earned - Non-exchange Transactions		-	-	-
Licences and Permits from Non-Exchange Transactions		-	-	-
Service Charges	24	24 315 935	(10 738)	24 305 197
Sales of Goods and Rendering of Services	25	210 712	-	210 712
Rent on Land	26	-	136 884	136 884
Rental from Fixed Assets	27	489 450	(136 884)	352 566
Interest Earned - External Investments	28	3 358 732	-	3 358 732
Interest Earned - Exchange Transactions	29	891 678	-	891 678
Licences and Permits from Exchange Transactions	23	73 421	-	73 421
Agency Services		218 158	-	218 158
Operational Revenue	30	162 561	-	162 561
Total		81 294 650	(159 749)	81 134 901
Expenditure				
Employee related costs	31	23 120 330	(79 055)	23 041 275
Remuneration of Councillors	32	3 126 956	-	3 126 956
Bad Debts Written Off	33	505 785	38 027	543 812
Contracted Services		5 114 033	70 494	5 184 527
Depreciation and Amortisation	34	4 618 183	(11 358)	4 606 825
Actuarial Losses	13	32 409	-	32 409
Finance Costs	35	673 804	467 859	1 141 664
Bulk Purchases	36	11 377 110	-	11 377 110
Inventory Consumed	7	608 778	-	608 778
Operating Leases		-	-	-
Transfers and Subsidies	37	1 225 386	-	1 225 386
Operational Costs	38	10 863 762	119 632	10 983 393
Total		61 266 536	605 599	61 872 135
Gains and Losses				
Reversal of Impairment Loss/(Impairment Loss) on Receivables	39	(8 124 583)	38 027	(8 086 556)
Gains/(Loss) on Sale of Fixed Assets	40	(55 071)	-	(55 071)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	41	(337 254)	-	(337 254)
Total		(8 516 907)	38 027	(8 478 880)
Net Surplus/(Deficit) for the year		11 511 207	(727 322)	10 783 886

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

43.11 Disclosure amendments made relating to the prior year

43.11.1 Expenditure incurred to repair and maintain Property, Plant and Equipment:

Balance previously reported	1 918 007
Insert Employee related costs	6 715 002
Insert Other materials	454 100
Insert Contracted Services	3 033 276
Insert Other Expenditure	1 850 730
Remove Contracted Services on Maintenance of Unspecified Assets	(587 101)
Remove Contracted Services on Maintenance of Buildings and Facilities	(429 891)
Remove Contracted Services on Maintenance of Equipment	(901 015)
Total	12 053 109

The repairs and maintenance disclosure format was brought in line with the requirements of mSCOA. Furthermore the amounts were updated to take into account undisclosed trade payables that were paid late in the previous financial year.

43.11.2 Categories disclosed within the Trade and other payables have been amended

Balance previously reported after prior year errors	5 811 727
Insert Trade Payables	4 907 594
Insert Salary control accounts	512 350
Insert Housing	372 002
Insert Dep Treintjiesrivier	4 000
Insert Licencing and registration	1 976
Insert Retentions	129 063
Insert Unallocated deposits	29 012
Insert Unidentified deposits	216
Insert Advance payments	457 461
Remove from Trade payables	(4 515 891)
Remove Retentions	(131 463)
Remove Western Cape Housing Subsidy	(372 002)
Remove Other Payables	(572 808)
Remove Debtors with credit balance	(219 563)
Total	6 413 672

43.11.3 Statutory Receivables were incorrectly disclosed under the credit risk relating to Financial risk management

Statutory receivables were incorrectly included in note 52 under the credit risk section in the previous financial year. This has resulted in the following amounts relating to rates and other non-exchange receivables being removed from the disclosure. Non-exchange receivables at the municipality only consist of statutory receivables.

Remove Non-exchange Receivables

Rates	1 739 657
-------	-----------

Remove Provision for bad debts relating to non-exchange transactions

Provision for bad debts relating to rates	37 015 451
-------------------------------------------	------------

Furthermore the ageing of amounts due but no impaired have been limited exchange receivables from now on, with non-exchange receivables being removed.

Disclosure of financial assets exposed to credit risk at year end were amended as follows:

Balance previously reported	107 528 430
Adjust Receivables from exchange transactions by the following amount	(10 738)
Remove previous Receivables from non-exchange transactions	(38 281 663)
Adjust Cash and Cash Equivalents by removing Short-term investments from the total	(6 794 693)
Include Short-term investments now separately disclosed from cash and cash equivalents	6 794 693
Total	69 236 028

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

43.11.4 Corrections made to the disclosure of figures in note 51.5 - Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

Opening balance	-
Correction of current year payroll deductions	
Previously reported	2 677 204
Currently reported	4 759 980
Correction of Amount paid - current year	
Previously reported	(2 677 204)
Currently reported	(4 759 980)
	<hr/>

43.11.5 Corrections made to the disclosure of Suppliers and Employees on the face of the Cash Flow Statement

Balance previously disclosed in the following format:	-
Suppliers and Employees	(49 896 584)
Balance currently disclosed in the following format:	-
Suppliers	(24 554 864)
Employee related costs	(25 341 720)
Total	(49 896 584)
	<hr/> <hr/>

43.12 Provision for Rehabilitation of Landfill-sites

Balance previously reported	22 004 063
Adjustment to calculation due to time of value of money not recognised in prior year	(1 758 936)
Total	20 245 127
	<hr/> <hr/>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
44. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	21 764 504	10 783 886
Adjustments for:		
Depreciation and Amortisation	5 402 672	4 606 825
Loss/(Gain) on Sale of Fixed Assets	(150 856)	55 071
Impairment Loss/(Reversal of Impairment Loss)	9 212 809	8 086 556
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(491 664)	337 254
Government Grants and Subsidies received	44 996 172	56 465 296
Government Grants and Subsidies recognised as revenue	(49 397 175)	(40 298 827)
Repayment of unspent grants	(6 873 458)	(4 737 565)
Contribution to provisions – Non-Current Provisions	809 453	1 141 664
Change in Provision for Rehabilitation Cost	-	-
Contribution from/to provisions - Non-Current Employee Benefits	647 223	407 725
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	-	32 409
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(531 946)	(75 880)
Contribution from/to - Current Employee Benefits	(92 378)	418 786
Bad Debts written off	329 561	543 812
Operating lease income accrued	(32 144)	(44 158)
Operating lease expenses accrued	-	-
Operating Surplus/(Deficit) before changes in working capital	25 592 773	37 722 853
Changes in working capital	(3 974 671)	(5 769 248)
Increase/(Decrease) in Trade and Other Payables	5 588 466	2 901 244
Increase/(Decrease) in Taxes	(377 903)	554 262
(Increase)/Decrease in Inventory	66 313	(11 217)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(5 577 509)	(5 251 056)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	(3 739 085)	(4 007 281)
Increase/(Decrease) in Consumer deposits	65 046	44 799
Cash generated/(absorbed) by operations	21 618 102	31 953 605
45. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 10	604 576	45 169 184
Cash Floats - Note 10	3 050	3 050
Total cash and cash equivalents	607 626	45 172 234
46. SHORT-TERM DEPOSITS		
Call Deposits and Investments - Note 10	51 329 293	6 794 693
47. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 45	607 626	45 172 234
Short-term Deposits - Note 45	51 329 293	6 794 693
Less:	(5 736 255)	(17 388 618)
Unspent Transfers and Subsidies - Note 17	(5 238 152)	(16 512 613)
VAT - Note 18	(498 103)	(876 005)
Net cash resources available for internal distribution	46 200 664	34 578 310
Allocated to:		
Capital Replacement Reserve	(10 500 000)	(10 500 000)
Resources available for working capital requirements	35 700 664	24 078 310

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
48. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 11	233 079	-
Used to finance property, plant and equipment - at cost	(233 079)	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

49. BUDGET INFORMATION

49.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the Covid-19 pandemic on revenue, increase in consumer debtors, reprioritising of operating and capital projects.

Explanation of variances greater than 5%: Final Budget and Actual Amounts

	Final Budget	Actual Outcome	Variance	Variance %
49.2 Statement of Financial Position				
49.2.1 Current Assets				
Cash	37 456 266	607 626	(36 848 640)	-98,38%
The municipality underspent on the capital budget to an amount of R6 459 008 and on the operating budget to an amount of R4 853 610.				
Consumer Debtors	10 404 087	2 846 148	(7 557 939)	-72,64%
The influence of the Covid-19 pandemic resulted in much higher provision for impairment as was anticipated during the preparation of the budget.				
Other Debtors	6 079 996	1 197 797	(4 882 199)	-80,30%
The influence of the Covid-19 pandemic resulted in much higher provision for impairment as was anticipated during the preparation of the budget.				
Inventory	1 883 703	605 249	(1 278 454)	-67,87%
The municipality incurred expenditure for capital projects very late during the financial year. This resulted in huge issues of inventory that was not foreseen during the preparation of the budget.				
49.2.2 Non-Current Assets				
Investment Property	18 842 845	13 611 976	(5 230 869)	-27,76%
The expenditure for the new office building was incorrectly budgeted for under Investment Properties. The actual expenditure is included under PPE and therefor the budgeted amount exceeds the actual result.				
Property, Plant and Equipment	162 864 570	169 706 264	6 841 694	4,20%
The expenditure for the new office building was incorrectly budgeted for under Investment Properties. The actual expenditure is included under PPE and thus the actual results exceed the budgeted amount.				
Intangible Assets	134 055	143 148	9 093	6,78%
The municipality did not budget for the purchase of intangible assets. New laptops were bought which resulted in new software to be purchased.				
Other Non-Current Assets	1 130 092	1 245 000	114 908	10,17%
This variation is insignificant.				

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

49. BUDGET INFORMATION (*Continue*)

	Final Budget	Actual Outcome	Variance	Variance %
49.2.3 Current Liabilities				
Borrowing	4 750	91 704	86 954	1830,61%
The municipality raised four new financial leases during the year. The outstanding liability forth coming from the capitalised lease liability was not considered when the budget was prepared.				
Consumer Deposits	531 536	589 196	57 660	10,85%
The property market in Prince Albert is very active and although there are not many new developments, new property owners have to pay increased consumer deposits. Two deposits previously disclosed as other payables were moved to consumer deposits.				
Trade and Other Payables	14 230 511	17 834 114	3 603 603	25,32%
No provision was made in the budget for unspent grants at year-end. There is however unspent grants included under Trade and Other Payables which is the sole reason for the budgeted amount being exceeded.				
Provisions	24 544 863	2 277 064	(22 267 799)	-90,72%
The provision for the rehabilitation of the landfill sites was included under current provisions in the budget. The provision is included under non-current provisions in the actual results.				
49.2.4 Non-Current Liabilities				
Borrowing	(4 810)	141 375	146 185	3039,19%
The municipality raised four new financial leases during the year. The outstanding liability forth coming from the capitalised lease liability was not considered when the budget was prepared.				
Provisions	7 224 864	28 520 316	21 295 452	294,75%
The provision for the rehabilitation of the landfill sites was included under current provisions in the budget. The provision is included under non-current provisions in the actual results.				
49.2.5 Net Assets				
Accumulated Surplus/(Deficit)	182 763 900	181 338 732	(1 425 168)	-0,78%
This variance is insignificant.				
Reserves	9 500 000	10 500 000	1 000 000	10,53%
The municipality made a contribution to the Capital Replacement Reserve during 2019/20. This contribution was not included in the budget.				
Statement of Financial Performance				
49.2.6 Revenue				
Property Rates	4 577 835	4 004 457	(573 378)	-12,53%
The Covid-19 pandemic caused much more ratepayers to qualify for indigent subsidies which resulted in an increase in rebates, reducing the net revenue from property rates.				
Service Charges - Electricity Revenue	16 252 780	16 483 399	230 619	1,42%
This variance is insignificant.				
Service Charges - Water Revenue	5 270 000	5 517 086	247 086	4,69%
The Covid-19 pandemic forced more people to be at home than before the pandemic. This resulted in higher usage of services.				
Service Charges - Sanitation Revenue	3 810 000	3 852 863	42 863	1,13%
This variance is insignificant.				

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

49. BUDGET INFORMATION (*Continue*)

	Final Budget	Actual Outcome	Variance	Variance %
49.2.6 Revenue (<i>Continue</i>)				
Service Charges - Refuse Revenue	1 852 012	1 952 312	100 300	5,42%
With people spending more time at home due to the Covid-19 pandemic, more refuse were generated than anticipated.				
Rental of Facilities and Equipment	397 000	415 784	18 784	4,73%
This variance is insignificant.				
Interest Earned - External Investments	2 300 000	2 321 430	21 430	0,93%
This variance is insignificant.				
Interest Earned - Outstanding Debtors	1 580 000	1 680 210	100 210	6,34%
Although the municipality allowed for higher provision on impairment for outstanding debtors, interest was levied on outstanding debtor's accounts. Due to the Covid-19 pandemic outstanding debtors were higher than anticipated with the preparation of the budget.				
Fines	2 774 996	3 509 450	734 454	26,47%
Although the fines issued exceeds the amount budgeted for, it has to be mentioned that the actual fines received was much less than anticipated.				
Licences and Permits	-	123 702	123 702	100,00%
No provision was made in the budget for the sale of driver's licences.				
Agency Services	110 000	281 092	171 092	155,54%
With the Covid-19 pandemic the renewal of vehicle licences was postponed during the lockdown until 31 August 2020. This resulted in a huge increase in licences renewed during the financial year under review.				
Transfers Recognised - Operational	34 542 300	34 294 227	(248 073)	-0,72%
This variance is insignificant.				
Other Revenue	397 000	674 208	277 208	69,83%
The biggest contributors to the higher collection of other revenue are as follow: An insurance claim, not budgeted for, to the value of R36 789 was paid out during the year; Fire brigade levies was R202 395 more than budgeted for; and During the lockdown due to the Covid-19 pandemic building plans were delayed. The revenue for building plans exceeded the budgeted amount by R54 242.				
Transfers Recognised - Capital	22 048 357	17 813 786	(4 234 571)	-19,21%
Expenditure on certain capital projects was delayed due to the effect of the Covid-19 pandemic.				
Gains on disposal of PPE	-	150 856	150 856	100,00%
Damage to water pumps and damage to a laptop and another laptop stolen resulted in insurance money received for these items. The money received was more than the carrying value of the assets, this was not anticipated in the budget.				
49.2.7 Expenditure				
Employee Related Costs	26 107 395	23 814 787	(2 292 608)	-8,78%
The main reason for the decrease in employee related costs was the retirement of the CFO and the resignation of the Senior Accountant Financial Services. Both positions were vacant for several months.				

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

49. BUDGET INFORMATION (*Continue*)

	Final Budget	Actual Outcome	Variance	Variance %
49.2.7 Expenditure (<i>Continue</i>)				
Remuneration of Councillors	3 370 490	3 154 954	(215 536)	-6,39%
The increase allowed for the remuneration of councillors was less than anticipated during the budget process.				
Debt Impairment	6 534 000	9 212 809	2 678 809	41,00%
The effect of the Covid-19 pandemic resulted in a lower collection rate on debtors, which resulted in a higher result for the provision for impairment.				
Depreciation and Asset Impairment	3 984 169	4 911 009	926 840	23,26%
Included in this amount in the budget is the impairment/reversal of impairment on fixed assets. With the evaluation of the landfill sites it was determined that the landfill site in Klaarstroom had a lot longer remaining useful life than anticipated previously. This resulted in a huge reversal of impairment to the value of R2 898 196.				
Finance Charges	1 344 000	818 150	(525 850)	-39,13%
The interest calculated on the provision for the rehabilitation of landfill sites was R571 269 less than budgeted for. Furthermore the municipality budgeted to raise finance leases for the whole year. The leases came into effect on 1 December 2020.				
Bulk Purchases	13 282 000	12 097 619	(1 184 381)	-8,92%
With the preparation of the budget a higher tariff increase by Eskom for electricity tariffs was anticipated than was implemented.				
Other Materials	865 200	608 330	(256 870)	-29,69%
With the delay in certain projects due to the Covid-19 pandemic less inventory was issued than anticipated during the budget process.				
Contracted Services	6 914 974	5 335 934	(1 579 040)	-22,84%
An amount of R1 530 000 for external computer services was incorrectly included under contracted services instead of under operational cost in the budget. This was due to the incorrect mSCOA GUID allocated to the expenditure code.				
Transfers and Grants	340 000	320 000	(20 000)	-5,88%
A R20 000 contribution budgeted for outreach projects was not spent during the year.				
Other Expenditure	11 111 390	10 707 205	(404 185)	-3,64%
This variance is insignificant.				

Cash Flow Statement

49.2.8 Net Cash from Operating Activities

Taxation	3 204 484	3 910 415	705 931	22,03%
The budget for property rates levies was calculated incorrectly.				
Service Charges	19 029 354	23 731 472	4 702 118	24,71%
Due to the effect of the Covid-19 pandemic, people spent much more time at home resulting in higher usage of municipal services.				
Interest	3 406 000	2 321 430	(1 084 570)	-31,84%
During the year under review interest rates were reduced by the Reserve Bank and remained low throughout the year. This was not anticipated during the budget process.				
Other Revenue	1 066 900	1 620 099	553 199	51,85%
During the year under review the Fire Brigade levies were R202 395 more than initially budgeted for. This in conjunction the insurance claim of R36 789 that was not budgeted for and the delays in building plans due to Covid 19, accounts for the difference.				

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

49. BUDGET INFORMATION (*Continue*)

	Final Budget	Actual Outcome	Variance	Variance %
49.2.8 Net Cash from Operating Activities (<i>Continue</i>)				
Suppliers and Employees	(58 276 519)	(54 516 628)	3 759 891	-6,45%
Due to the limitation of movement during the Covid-19 pandemic the municipality underspent on the operating as well as the capital budget. Several senior positions were vacant during the year under review.				
Finance costs	(59 000)	(8 697)	50 303	-85,26%
The municipality budgeted for the rental of office furniture and equipment for the whole year. These rentals are treated as financial leases resulting in finance costs being recognised. The machines were only rented from December 2020 and thus not for the whole year.				
Transfers and Grants	(340 000)	(320 000)	20 000	-5,88%
R20 000 was budgeted for an outreach program. Due to the Covid-19 pandemic the program was put on hold.				
49.2.9 Net Cash from Investing Activities				
Proceeds on disposal of PPE	-	253 668	253 668	100,00%
The proceeds is insurance miney received for damages and theft on municipal assets. This was not budgeted for.				
Capital Assets	(28 221 324)	(21 851 167)	6 370 157	-22,57%
Due to the restrictions on movement due to the Covid-19 pandemic several capital projects were delayed, resulting in less expenditure incurred than anticipated.				
49.2.10 Net Cash from Financing Activities				
Increase/(Decrease) in Consumer Deposits	10 150	-	(10 150)	-100,00%
The increase in consumer deposits is due to the property market in Prince Albert being very active. Every property sold causes the new owner to pay a higher deposit that the previous owner. Two deposits to the value of R8 400, previously disclosed as other payables, were, in terms of mSCOA, moved from payables to consumer deposits.				
Repayment of Borrowing	-	(50 612)	(50 612)	100,00%
The repayment of borrowing is in respect of financial leases. The repayment was not budgeted for.				

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
50 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
50.1 <u>Unauthorised expenditure</u>		
Reconciliation of unauthorised expenditure:		
Opening balance	508 470	683 879
Restated opening balance	508 470	683 879
Unauthorised expenditure current year - operational	1 079 611	508 470
Written off by Council	(508 470)	(683 879)
Prior Period	(508 470)	(683 879)
Unauthorised expenditure awaiting authorisation	1 079 611	508 470

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
<i>Over expenditure of approved budget - Vote 4: Director Community Services. The main contributor to the over spending of the budget was the contribution calculated for provision of traffic fines. Due to the Covid-19 pandemic recoveries on traffic fines were much lower than anticipated, resulting in a much higher contribution for the provision of impairment. (Budget R2 500 000 vs Actual R3 399 441).</i>	None	170 183	508 470
<i>Over expenditure of approved budget - Vote 5: Director Technical Services. The Covid-19 pandemic had a serious impact on the residents of the Prince Albert Municipality. Collections rates on outstanding debtors deteriorated and thus much higher contributions to the provision for debt impairment had to be made: (Water budget R1 300 000 vs Actual R2 875 451).</i>	None	909 428	
		1 079 611	508 470

The over expenditure incurred by municipal departments on their operating budgets during the year is attributable to the following categories:

Non-cash	1 079 611	508 470
	1 079 611	508 470
<u>Analysed as follows: Non-cash</u>		
Impairment Losses	1 079 611	
	1 079 611	-

The overspending of the Budget per municipal vote can be summarised as follows:

	2021 Actual R	2021 Final Budget R	2021 Variance R	2021 Unauthorised R
<u>Unauthorised expenditure current year - operating</u>				
Vote 1 - Executive and Council	6 686 443	7 879 525	1 193 082	-
Vote 2 - Director Finance	12 483 480	13 057 722	574 242	-
Vote 3 - Director Corporate	6 361 147	7 293 084	931 937	-
Vote 4 - Director Community	8 617 584	8 447 401	(170 183)	170 183
Vote 5 - Director Technical Services	38 185 314	37 275 886	(909 428)	909 428
	72 333 968	73 953 618	1 619 650	1 079 611



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

50 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED
(Continue)

	2021 Actual R	2021 Final Budget R	2021 Variance R	2021 Unauthorised R
Unauthorised expenditure current year - capital				
Vote 1 - Executive and Council	-	-	-	-
Vote 2 - Director Finance	2 331 619	5 591 782	3 260 163	-
Vote 3 - Director Corporate	-	-	-	-
Vote 4 - Director Community	3 160 660	3 459 851	299 191	-
Vote 5 - Director Technical Services	16 358 889	19 258 542	2 899 653	-
	<u>21 851 167</u>	<u>28 310 175</u>	<u>6 459 008</u>	<u>-</u>

	2021 R	2020 R
50.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	-	22 556
Restated opening balance	-	22 556
Fruitless and wasteful expenditure current year	93 716	6 659
Written off by Council	-	(29 215)
Current	-	(6 659)
Prior Period	-	(22 556)
Fruitless and wasteful expenditure awaiting further action	<u>93 716</u>	<u>-</u>

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	
Interest on a payment of legal fees	None	6 659
Interest on late payment of contributions to Workmans Compensation Fund. The municipality is in consultation with the Workmans Compensation Fund to write off the interest charges on overdue accounts.	None	93 716
		<u>93 716</u>
		<u>6 659</u>

50.3 Irregular expenditure

Reconciliation of irregular expenditure:		
Opening balance	3 501 100	8 415 819
Restated opening balance	3 501 100	8 415 819
Irregular expenditure current year	842 695	3 501 100
Expenditure authorised i.t.o. Section 32 of MFMA	(3 501 100)	(8 415 819)
Current	-	-
Prior Period	(3 501 100)	(8 415 819)
Irregular expenditure awaiting further action	<u>842 695</u>	<u>3 501 100</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
50.3 Irregular expenditure (Continue)		
Irregular expenditure can be summarised as follow:		
Incident	Disciplinary steps/criminal proceedings	
<i>Non compliance with SCM Regulation(s) 12.1 (c) & 40.1</i>	<i>None</i>	170 879
<i>Irregular Expenditure i.t.o. Covid-19 Procurement</i>	<i>None</i>	17 300
<i>Non compliance with Section 32 per the AG & NT - Current year</i>	<i>None</i>	3 312 921
<i>Non-compliance with MSCM Regulation 32 - Royal Haskoning DHV</i>	<i>None</i>	
	563 659	
<i>Non-compliance with MSCM Regulation 32 - Business Engineering</i>	<i>None</i>	
	279 036	
	<u>842 695</u>	<u>3 501 100</u>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

51. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

51.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Council subscriptions	500 000	500 000
Amount paid - current year	(500 000)	(500 000)
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

51.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance	3 177 614	
Correction of prior period error		1 518 079
Restated opening balance	<u>3 177 614</u>	<u>1 518 079</u>
Current year audit fee	3 002 513	3 206 916
External Audit - Auditor-General - payable by municipality	875 672	669 324
External Audit - Auditor-General - payable by National Treasury	2 126 842	2 537 592
Amount paid - current year	(1 145 515)	(1 547 381)
External Audit - Auditor-General - paid by municipality	(875 672)	(669 324)
External Audit - Auditor-General - paid by National Treasury	(269 843)	(878 057)
Amount paid - previous year	(1 353 277)	-
External Audit - Auditor-General - paid by National Treasury	(1 353 277)	
Balance unpaid	<u>3 681 335</u>	<u>3 177 614</u>

In terms Section 23(5) of the Public Audit Act, National Treasury, in the past, paid any audit fees exceeding 1% of the municipality's operating and capital budgets. National Treasury did not pay the full amounts for 2018/19, 2019/20 and 2020/21. This causes doubt if this outstanding amounts will be paid and if the municipality will receive any assistance in future. No correspondence have been received why National Treasury did not pay the full amount and if any payments will be made in future.

51.3 VAT - [MFMA 125 (1)(c)]

Opening balance	534 933	518 854
VAT inputs	5 622 214	5 050 773
VAT outputs	(3 873 583)	(2 938 193)
Paid	308 439	144 529
Received	(2 002 218)	(2 241 029)
Closing balance	<u>589 785</u>	<u>534 933</u>

VAT is payable on the receipt basis. Only once payment is received from the debtors, VAT is payable to SARS. All VAT returns have been submitted by the due date throughout the year.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
51. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continue)		
51.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]		
Current year payroll deductions	3 617 338	3 488 305
Amount paid - current year	(3 617 338)	(3 488 305)
Balance unpaid (included in creditors)	-	-
51.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Current year payroll deductions and Council Contributions	4 971 746	4 759 980
Amount paid - current year	(4 971 746)	(4 759 980)
Balance unpaid (included in creditors)	-	-

51.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

No Councillors had arrear accounts outstanding for more than 90 days during the year.

51.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b):

30 June 2021

	Amount	Type of Deviation	
		Impractical/ Impossible	Emergency
Uber Technologies	16 544	16 544	-
CJA Partners	21 600	21 600	-
Harmse Kriel Attorneys	1 890	1 890	-
PayDay Software Systems	130 834	130 834	-
Shorts Commercial Vehicles	9 394	9 394	-
Eskom Holdings	24 924	24 924	-
PayDay Software Systems	4 055	4 055	-
Arena Holdings	18 936	18 936	-
Uber Technologies	30 000	30 000	-
Shorts Commercial Vehicles	8 554	8 554	-
Klein Karoo Agri	2 948	2 948	-
Golden Dividend 536	48 967	48 967	-
Jan Abraham Nel	14 400	14 400	-
Quality Filtration Systems	14 212	14 212	-
Specialist System Engineering	48 130	48 130	-
Conlog	21 882	21 882	-
	417 270	417 270	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

51.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005 (Continue)

30 June 2020

	Amount	Type of Deviation	
		Impractical/ Impossible	Emergency
Ay Jay's enterprise	3 600	3 600	-
CJA Partners	21 600	21 600	-
Golden dividend 536	189 355	189 355	-
Harmse kriel attorneys	4 895	4 895	-
Jan Abraham Nel	151 765	-	151 765
Jirah Construction	17 900	17 900	-
Klein Karoo Agri	12 316	-	12 316
National Garage (Purchases in terms of MFMA	508 142	-	508 142
Pay Day Software systems (PTY) Ltd	25 473	25 473	-
Prince Albert Partners (MFMA Circular 102)	282 107	-	282 107
RLJ General Trading	2 460	2 460	-
Short's Nissan	34 944	34 944	-
Specialist System Engineering	29 106	29 106	-
Uber Technologies	20 144	20 144	-
VSR Digging	69 000	-	69 000
Total	1 372 806	349 476	1 023 330
		2021	2020
		R	R

51.8 Material losses

Electricity distribution losses

Units purchased (Kwh)	10 511 334	10 126 411
Units lost during distribution (Kwh)	1 148 057	1 301 875
Percentage lost during distribution	10,92%	12,86%
Distribution loss (Rand Value)	1 396 784	1 434 758

Water distribution losses

Units purified (kl)	636 302	587 833
Units lost during distribution (kl)	207 702	146 828
Percentage lost during distribution	32,64%	24,98%
Distribution loss (Rand Value)	661 372	671 248

Normal pipe bursts and field leakages are responsible for water losses.

51.9 Non-compliance with the Municipal Finance Management Act and other Legislation

Non-compliance with MFMA Section 126 (1) (a)

The municipality did not comply with MFMA section 126 (1) (a) as they did not submit their financial statements by the legislated due date.

Non-compliance with the Municipal systems Act, Section 96 (b)

A credit control and debt collection policy was not fully implemented, as required by section 96(b) of the MSA.

51.10 Awards to suppliers with close relations to people in the service of the state

The following suppliers indicated that a family member is in service of the state as required of Section 45 of the Supply Chain Management Regulations

2020/21 Contracts awarded

Company name	Related person	Company capacity	Capacity	Relationship	State department	Payments R
Jan Nel Elektries	M Nel	Owner	Teacher	Spouse	WCED	660 928
C&C Catering	N Jantjies	Director	PAM Empl.	Daughter	PAM	10 245
Conlog	N Moodley	Wife	HCP	Spouse	Dept of Health	21 882
Huriqua (Pty) Ltd	K Lamberts	Director	Employee	Spouse	WCDA	59 885

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

51.10 Awards to suppliers with close relations to people in the service of the state (Continue)

2019/20 Contracts awarded

Company name	Related person	Company capacity	Capacity	Relationship	State department	Payments
Jan Nel Elektries	M Nel	Owner	Teacher	Spouse	WCED	R 835 369
JCQ Construction	N Jantjies	Director	PAM Empl.	Spouse	PAM	88 729
Conlog	N Moodley	Wife	HCP	Spouse	Dept of Health	47 973
C&C Catering	N Jantjies	Director	PAM Empl.	Daughter	PAM	2 565

52. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

	2021 R	2020 R
0.5% (2020: 1%) Increase in interest rates	258 519	519 669
0.25% (2020: 1%) Decrease in interest rates	(129 260)	(519 669)

(d) Credit Risk

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

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

52. FINANCIAL RISK MANAGEMENT (*Continue*)

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

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All rates and services are payable within 30 days from invoice date. Refer to note 8 and 9 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	2021 %	2021 R	2020 %	2020 R
<u>Non-Current Receivables</u>				
Repay Arrangements	100,00%	-	100,00%	-
	2021 %	2021 R	2020 %	2020 R
<u>Exchange Receivables</u>				
Electricity	9,90%	2 229 587	13,14%	2 270 002
Water	36,95%	8 321 903	34,43%	5 946 774
Property Rentals	1,64%	369 246	1,66%	287 380
Waste Management	15,33%	3 452 573	15,19%	2 623 536
Waste Water Management	22,97%	5 173 091	22,77%	3 933 294
Debtors VAT Portion	10,73%	2 417 376	11,39%	1 967 837
Other	2,47%	556 323	1,41%	243 329
	100,00%	22 520 099	100,00%	17 272 151

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 8 and 9 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at 10% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

52. FINANCIAL RISK MANAGEMENT (*Continue*)

	2021 %	2021 R	2020 %	2020 R
<u>Non-Current Receivables</u>				
Repay Arrangements	0,00%	-	0,00%	-
<u>Exchange Receivables</u>				
Services	100,00%	20 032 751	100,00%	14 414 140
	<u>100,00%</u>	<u>20 032 751</u>	<u>100,00%</u>	<u>14 414 140</u>

The provision for bad debts could be allocated between the different categories of receivables as follow:

	2021 %	2021 R	2020 %	2020 R
Government	0,00%	-	0,00%	-
Industrial	4,60%	922 230	2,24%	322 905
Residential	95,40%	19 110 521	97,76%	14 091 235
Indigents	0,00%		0,00%	
	<u>100,00%</u>	<u>20 032 751</u>	<u>100,00%</u>	<u>14 414 140</u>

Ageing of amounts past due but not impaired are as follow:

2021

1 month past due
2+ months past due

**Exchange
Receivables**

1 141 716
1 345 632
2 487 348

2020

1 month past due
2+ months past due

1 009 523
1 848 488
2 858 011

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

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.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
52. FINANCIAL RISK MANAGEMENT (Continue)		
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	22 520 099	17 272 151
Cash and Cash Equivalents	604 576	45 169 184
Short-term investments	51 329 293	6 794 693
	74 453 968	69 236 028

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2021				
Long-term Liabilities	105 115	148 912	-	-
Trade and Other Payables	12 097 860	-	-	-
	12 202 974	148 912	-	-
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2020				
Long-term Liabilities	-	-	-	-
Trade and Other Payables	6 413 672	-	-	-
	6 413 672	-	-	-

53. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

53.1 Financial Assets	Classification	2021 R	2020 R
Receivables from Exchange Transactions			
Electricity	Financial Instruments at amortised cost	2 229 587	2 270 002
Water	Financial Instruments at amortised cost	8 321 903	5 946 774
Property Rentals	Financial Instruments at amortised cost	369 246	287 380
Waste Management	Financial Instruments at amortised cost	3 452 573	2 623 536
Waste Water Management	Financial Instruments at amortised cost	5 173 091	3 933 294
Debtors VAT Portion	Financial Instruments at amortised cost	2 417 376	1 967 837
Other Arrears	Financial Instruments at amortised cost	556 323	243 329

PRINCE ALBERT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

		2021 R	2020 R
53. FINANCIAL INSTRUMENTS (Continue)			
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	604 576	45 169 184
Call Deposits	Financial Instruments at amortised cost	51 329 293	6 794 693
Cash on hand	Financial Instruments at amortised cost	3 050	3 050
Total Financial Assets		74 457 018	69 239 079
SUMMARY OF FINANCIAL ASSETS			
Financial Instruments at amortised cost:			
Receivables from Exchange Transactions	Electricity	2 229 587	2 270 002
Receivables from Exchange Transactions	Water	8 321 903	5 946 774
Receivables from Exchange Transactions	Property Rentals	369 246	287 380
Receivables from Exchange Transactions	Waste Management	3 452 573	2 623 536
Receivables from Exchange Transactions	Waste Water Management	5 173 091	3 933 294
Receivables from Exchange Transactions	Debtors VAT Portion	2 417 376	1 967 837
Receivables from Exchange Transactions	Other Arrears	556 323	243 329
Cash and Cash Equivalents	Bank Balances	604 576	45 169 184
Cash and Cash Equivalents	Call Deposits	51 329 293	6 794 693
Cash and Cash Equivalents	Cash on hand	3 050	3 050
		74 457 018	69 239 079
Total Financial Assets		74 457 018	69 239 079
53.2 Financial Liabilities	Classification		
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	233 079	-
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	10 002 853	4 907 594
Salary control accounts	Financial Instruments at amortised cost	(23 564)	512 350
Housing	Financial Instruments at amortised cost	372 002	372 002
Dep Treintjiesrivier	Financial Instruments at amortised cost	4 000	4 000
Licencing and registration	Financial Instruments at amortised cost	3 956	1 976
Retensions	Financial Instruments at amortised cost	686 362	129 063
Unallocated deposits	Financial Instruments at amortised cost	14 835	29 012
Unidentified deposits	Financial Instruments at amortised cost	-	216
Advance payments	Financial Instruments at amortised cost	1 037 417	457 461
		12 330 939	6 413 672

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
53. FINANCIAL INSTRUMENTS (Continue)		
SUMMARY OF FINANCIAL LIABILITIES		
Financial instruments at amortised cost:		
Long-term Liabilities	233 079	-
Trade and Other Payables	10 002 853	4 907 594
Trade and Other Payables	(23 564)	512 350
Trade and Other Payables	372 002	372 002
Trade and Other Payables	4 000	4 000
Trade and Other Payables	3 956	1 976
Trade and Other Payables	686 362	129 063
Trade and Other Payables	14 835	29 012
Trade and Other Payables	-	216
Trade and Other Payables	1 037 417	457 461
	12 330 939	6 413 672
54. STATUTORY RECEIVABLES		
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
Taxes		
VAT Receivable	-	-
Receivables from Non-Exchange Transactions	40 999 303	37 328 931
Rates	2 010 587	1 739 657
Fines	38 988 716	35 589 275
Total Statutory Receivables (before provision)	40 999 303	37 328 931
Less: Provision for Debt Impairment	(40 616 251)	(37 022 053)
Total Statutory Receivables (after provision)	383 052	306 879
Statutory Receivables arises from the following legislation:		
Taxes	- Value Added Tax Act (No 89 of 1991)	
Rates	- Municipal Properties Rates Act (No 6 of 2004)	
Fines	- Criminal Procedures Act	
Statutory receivables are initially measured at transaction value, and subsequently at cost.		
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	170 235	88 671
31 - 60 Days	91 267	90 712
61 - 90 Days	76 231	70 736
+ 90 Days	1 672 854	1 489 538
Total	2 010 587	1 739 657
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	37 022 053	32 895 849
Contribution to provision	3 594 198	4 126 203
Reversal of provision		(6 602)
Balance at end of year	40 616 251	37 022 053

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
54. STATUTORY RECEIVABLES (Continue)		
<u>Ageing of amounts past due and impaired:</u>		
1 month past due	40 616 251	37 022 053
2+ months past due	40 616 251	37 022 053
	<u>40 616 251</u>	<u>37 022 053</u>
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	1 141 716	1 009 523
2+ months past due	(758 664)	(702 644)
	<u>383 052</u>	<u>306 879</u>
<u>Interest Received from Statutory Receivables</u>		
Receivables from Non-Exchange Transactions	176 889	-
	<u>176 889</u>	<u>-</u>
Interest is levied at a rate determined by the council on outstanding rates amounts.		
Exemptions taken for Statutory Receivables according to Directive 4 - Transitional Provisions for		
55. IN-KIND DONATIONS AND ASSISTANCE		
The municipality received the following in-kind donations and assistance:		
Organisation	Contribution towards:	
National Treasury	Contribution towards audit fees	2 480 045
MISA	Engineering services	891 102
		1 817 737
		893 102
Total In-kind Donations and Assistance		<u>3 371 147</u>
		<u>2 710 839</u>
56. CONTINGENT LIABILITY		
In terms of Section 23(5) of the Public Audit Act, National Treasury, in the past, paid any audit fees exceeding 1% of the municipality's operating and capital budgets. National Treasury did not pay the full amounts for 2018/19, 2019/20 and 2020/21. This causes doubt if this outstanding amounts will be paid and if the municipality will receive any assistance in future. No correspondence have been received why National Treasury did not pay the full amount and if any payments will be made in future.		
Through correspondence with the Auditor General SA it was determined that interest were raised on outstanding amounts. No clarity could be obtained on the total outstanding amount owed. The municipality is of the opinion that it is not liable for the interest raised as National Treasury did not fulfill its commitment.		
Municipality's calculation of the outstanding amount (inclusive of VAT)	<u>3 681 335</u>	<u>2 792 044</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
57. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure excluding VAT:		
Approved and contracted for:	10 299 100	3 949 537
Total commitments consist out of the following:		
Waste Water treatment works Klaarstroom	-	2 665 415
Iron Removal Plant in Prince Albert	-	1 284 122
Extension of existing Thusong offices	1 994 866	-
Upgrading of Roads and Stormwater in Klaarstroom, and Upgrading of Stormwater in North-End, Prince Albert	2 841 630	-
Supply and commissioning of diesel driven standby generators in Leeu-Gamka, Prince Albert and Klaarstroom	26 769	-
Upgrading of Roads and Stormwater in Bitterwater, Leeu-Gamka	5 419 157	-
Design and construction of pavilion roofs for the Odendaal Sports field in Prince Albert	16 092	-
Maintenance of the reverse osmosis and ultra filtration water treatment plant in Leeu-Gamka	586	-
	10 299 100	3 949 537
This expenditure will be financed from:		
Government Grants	10 299 100	3 949 537
	10 299 100	3 949 537

58. RELATED PARTIES

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

58.1 Related Party Transactions

Outstanding balances on municipal accounts

Councillors	Current	30 Days	60 Days	90 Days	Total
Year ended 30 June 2021					
G Lottering Executive Mayor	786	572	853	62	2 273
S Botes Councillor	533	672	784	-	1 989
L Jaquet Councillor	471	453	0	-	924
E Maans Speaker	375	352	1	-	729
S Piedt Deputy Mayor	606	-	-	-	606
M Jaftha Councillor	-	-	-	-	-
S Kroonthea Councillor	399	0	-	-	399
	3 170	2 051	1 638	62	6 920

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

Related party relationship

Councillors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
58. RELATED PARTIES (Continue)		
58.2 Related Party Loans		
Since 1 July 2004 loans to councillors and senior management employees are not permitted. There are no outstanding amounts granted prior to this date.		
58.3 Compensation of key management personnel		
The compensation of key management personnel is set out in note 31 to the Annual Financial Statements.		
58.4 Other related party transactions		
No expenditure was incurred during the year where Councillors or staff had an interest.		
59. FINANCIAL SUSTAINABILITY	2021	2020
The municipality's revenue base is limited and the current situation in the municipal area is not favourable to increase the revenue. The effects of the Covid-19 pandemic can be observed in a drop in collection rates of outstanding debors.		
The collection rate for debtors is way below the accepted norm of 95%. Although there was a slight increase from 2019/20 to 2020/21 the collection rate will have to be improved to ensure long-term financial sustainability.	81,79%	80,24%
The accepted norm for net debtors days is less than 30 days. There was a significant increase from 2019/20 to 2020/21, but bear in mind that the provision for impairment increased significantly year on year. The municipality is still outside the accepted norm.	32.35 Days	40.36 Days
The accepted norm for the cash/cost coverage ratio is 1 to 3 months. The municipality is well over this norm.	7.21 Months	5.71 Months
The accepted norm for the current ration is between 1.5 to 2.1. The municipality is above the accepted norm.	2.72	2.13
Level of cash backed reserves. The accepted norm is that reserves should be cash backed by 100%. The municipality is well positioned, but have to bear in mind that the only reserve is the Capital Replacement Reserve. This reserve is earmarked to cover the rehabilitation costs of the landfill sites. The current provision for the rehabilitation of the landfill sites is R21 314 841 (2019/20 R22 004 063). The current balance of the CRR is R10 500 000 which is insufficient to cover the future costs of rehabilitation.	444,75%	337,66%
The municipality have budgeted for a profit of R22 058 662 for the 2020/21 financial year. A net profit of R24 103 729 (R11 251 745 in 2019/20) was realised. Included in this profit is capital grants to the value of R17 813 786. The operating surplus for 2020/21 is R6 289 943 (2019/20 deficit of R1 482 611).		
Net cash inflow/(outflow)	(30 009)	18 882 656
These financial statements were prepared on a going concern basis. Taking the aforementioned into consideration it is a fair assumption that the municipality will be a going concern for the foreseeable future.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

60. EVENTS AFTER REPORTING PERIOD

The municipality is in an unsatisfactory position as the CFO retired at the end of February 2021. Although the vacant position has been advertised twice, the municipality could not succeed in appointing a CFO to date.

The Municipal Manager (MM) resigned since 30 June 2021 and will leave the employ of the municipality at the end of October 2021. The MM and CFO were the only two Section 57 Managers in the employ of the municipality. It is uncertain who will be acting as MM once the current MM left. This is a matter of serious concern for the future sustainability of the municipality.

61. ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

61.1 Ownership and Management Control

The municipality has no shareholding or directors. The categories are therefore excluded from the reporting below. There are also no dividends that was declared. All Managers are based in the Western Cape.

	Senior Management	Middle Management	Junior Management
Race classification			
African			
Coloured	2	1	26
Indian			
Gender			
Male	2	1	17
Female	1	1	9
Age			
Youth (between the ages of 18 - 35)			
Middle aged (between the ages of 36 - 50)			
Senior (older than 50)			
Disability			
Male		1	
Female			
	Target Score	Bonus Score	Actual Score
Contribution to Scorecard	=====	=====	=====

**APPENDIX A
PRINCE ALBERT LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2021**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2020	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2021	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
LEASE LIABILITY										
Office Equipment - Admin		Konica Minolta	2023/11/30	-	-	117 771	(21 011)	96 760	95 060	-
Office Equipment - Technical Services		Konica Minolta	2023/11/30	-	-	74 021	(13 206)	60 815	59 746	-
Office Equipment - Finance		Konica Minolta	2023/11/30	-	-	53 171	(9 486)	43 685	42 917	-
Office Equipment - Library		Konica Minolta	2023/11/30	-	-	38 728	(6 909)	31 819	31 260	-
Total Lease Liabilities				-	-	283 691	(50 612)	233 079	228 983	-
TOTAL EXTERNAL LOANS				-	-	283 691	(50 612)	233 079	228 983	-

APPENDIX B
PRINCE ALBERT LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
			Governance and Administration			
21 928 081	(7 649 412)	14 278 669	Executive and council	29 104 142	(6 686 443)	22 417 699
8 773 846	(18 295 573)	(9 521 727)	Finance and administration	12 594 271	(18 214 586)	(5 620 315)
-	-	-	Internal audit	-	-	-
			Community and Public Safety			
3 912 881	(2 462 471)	1 450 410	Community and social services	2 604 135	(2 717 777)	(113 642)
13 478	(1 056 601)	(1 043 123)	Sport and recreation	2 764	(1 066 017)	(1 063 253)
4 223 189	(4 975 124)	(751 935)	Public safety	3 909 502	(4 633 790)	(724 289)
-	-	-	Housing	-	-	-
-	-	-	Health	-	-	-
			Economic and Environmental Services			
88 904	(728 883)	(639 980)	Planning and development	33 916	(630 041)	(596 125)
209	(8 987 154)	(8 986 945)	Road transport	1 032 130	(9 207 167)	(8 175 036)
-	-	-	Environmental protection	-	-	-
			Trading Services			
16 719 441	(13 424 501)	3 294 940	Energy sources	16 682 795	(14 247 954)	2 434 841
16 520 449	(4 593 065)	11 927 384	Water management	21 638 673	(6 480 831)	15 157 842
5 087 673	(3 621 884)	1 465 790	Waste water management	4 235 867	(3 831 756)	404 111
3 474 425	(3 964 023)	(489 598)	Waste management	2 260 277	(4 417 606)	(2 157 330)
-	(200 000)	(200 000)	Other	-	(200 000)	(200 000)
80 742 577	(69 958 691)	10 783 886	Sub Total	94 098 472	(72 333 968)	21 764 504
-	-	-	Less Inter-Departmental Charges	-	-	-
80 742 577	(69 958 691)	10 783 886	Total	94 098 472	(72 333 968)	21 764 504

APPENDIX C
PRINCE ALBERT LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021
MUNICIPAL VOTES CLASSIFICATIONS

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
			Executive and Council			
26 572 072	(2 594 741)	23 977 330	Municipal Manager	26 582 150	(2 702 163)	23 879 987
32 296	(5 054 671)	(5 022 375)	Council General Expenses	2 330 328	(3 984 280)	(1 653 952)
			Director Finance			
8 214 355	(12 636 209)	(4 421 854)	Financial Services	6 815 456	(12 288 723)	(5 473 267)
3 743 151	(346 617)	3 396 533	Property Rates	4 004 457	(194 757)	3 809 700
			Director Corporate			
-	(512 009)	(512 009)	IDP	-	(538 328)	(538 328)
88 904	(100 733)	(11 829)	Strategic Services	33 916	(48 362)	(14 446)
2 028 457	(5 433 088)	(3 404 631)	Corporate Services	1 474 357	(5 774 456)	(4 300 099)
			Director Community			
23 009	(4 539)	18 470	Cemeteries	44 540	-	44 540
2 957 997	(2 891 827)	66 170	Library	1 891 914	(1 829 082)	62 833
830 000	(512 312)	317 688	Disaster Management	617 395	(643 061)	(25 666)
101 876	(241 447)	(139 572)	Community Halls	50 286	(251 008)	(200 723)
4 223 189	(4 974 224)	(751 035)	Traffic Control	3 909 502	(4 628 417)	(718 915)
-	-	-	Housing	-	-	-
13 478	(1 056 601)	(1 043 123)	Sport and Recreation	2 764	(1 066 017)	(1 063 253)
-	(200 000)	(200 000)	Tourism	-	(200 000)	(200 000)
			Director Technical Services			
14 870 780	(13 417 185)	1 453 595	Electricity Services	16 682 795	(14 242 044)	2 440 751
11 481 805	(4 600 381)	6 881 424	Water Services	21 638 673	(6 486 741)	15 151 932
3 434 597	(3 615 306)	(180 709)	Sewerage	4 235 867	(3 582 900)	652 968
2 126 403	(3 966 401)	(1 839 997)	Refuse	2 751 940	(4 417 606)	(1 665 666)
209	(7 800 399)	(7 800 191)	Public Works	1 032 130	(9 456 023)	(8 423 893)
80 742 577	(69 958 691)	10 783 886	Sub Total	94 098 472	(72 333 968)	21 764 504
-	-	-	Less Inter-Departmental Charges	-	-	-
80 742 577	(69 958 691)	10 783 886	Total	94 098 472	(72 333 968)	21 764 504

**APPENDIX D
PRINCE ALBERT LOCAL MUNICIPALITY**

**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2021
GENERAL FINANCE STATISTICS CLASSIFICATION**

	Cost/Revaluation					Accumulated Depreciation/Impairment					Carrying Value	
	Opening Balance	Correction of Error	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals/ Impairment		Closing Balance
Executive and council	567 884	-	-	-	-	567 884	199 266	-	47 622	-	246 889	320 996
Finance and administration	39 327 583	-	1 202 425	2 004 483	33 682	42 500 809	5 082 262	-	280 444	11 281	5 351 424	37 149 385
Internal audit	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services	9 335 841	-	2 031 390	402 781	-	11 770 012	581 524	-	175 836	-	757 360	11 012 652
Sport and recreation	18 133	-	-	-	-	18 133	16 531	-	270	-	16 800	1 333
Public safety	2 329 248	-	-	-	-	2 329 248	889 821	-	176 247	-	1 066 069	1 263 179
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development	-	-	60 870	-	-	60 870	-	-	450	-	450	60 420
Road transport	36 587 233	-	3 378 395	2 064 067	-	42 029 695	8 809 671	-	1 152 839	-	9 962 510	32 067 185
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Energy sources	13 319 321	-	502 713	3 081 670	-	16 903 705	2 086 610	-	271 100	-	2 357 710	14 545 995
Water management	48 158 033	-	3 592 775	2 178 150	83 368	53 845 590	6 774 322	-	1 147 242	2 957	7 918 607	45 926 983
Waste water management	39 500 936	-	6 564 161	-	-	46 065 097	5 740 162	-	991 108	-	6 731 270	39 333 827
Waste management	12 058 583	-	1 761 824	-	-	13 820 406	8 988 861	-	1 110 662	-	10 099 523	3 720 883
Electricity	-	-	-	-	-	-	-	-	-	-	-	-
	201 202 795	-	19 094 552	9 731 151	117 050	229 911 449	39 169 030	-	5 353 819	14 239	44 508 610	185 402 838

APPENDIX E
PRINCE ALBERT LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2020	Correction of Error	Restated Balance 30 June 2020	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2021	Unspent 30 June 2021 (Creditor)	Unpaid 30 June 2021 (Debtor)
National Government Grants											
Equitable Share	-	-	-	25 925 000	-	-	(25 925 000)	-	-	-	-
Finance Management Grant	-	-	-	1 700 000	-	-	(1 700 000)	-	-	-	-
Water Services Infrastructure Grant	-	-	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	11 267 602	-	11 267 602	7 450 000	-	(5 200 285)	(357 150)	(13 160 167)	-	-	-
Integrated National Electrification Grant	117 326	-	117 326	-	-	(117 326)	-	-	-	-	-
Expanded Public Works Programme	-	-	-	1 032 000	-	-	(1 032 000)	-	-	-	-
Energy Efficiency and Demand Side Manage	-	-	-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant	33 347	-	33 347	-	-	(33 347)	-	-	-	-	-
Internship recruitment <i>list</i>	20 150,01	-	20 150	-	-	-	(20 150)	-	0	0,01	-
Total National Government Grants	11 438 425	-	11 438 425	36 107 000	-	(5 350 958)	(29 034 300)	(13 160 167)	0	0,01	-
Provincial Government Grants											
Housing	-	-	-	-	-	-	-	-	-	-	-
Library	1	-	1	1 790 000	-	-	(1 790 000)	-	1	0,82	-
Regional Socio-economic Project	1 500 000	-	1 500 000	4 500 000	-	-	-	(2 305 156)	3 694 844	3 694 844,14	-
WC Capacity building (Bursaries)	722 500	-	722 500	-	-	(722 500)	-	-	-	-	-
WC Capacity building (Corporate Director Sa	-	-	-	-	-	-	-	-	-	-	-
Western Cape fire truck grant	-	-	-	-	-	-	-	-	-	-	-
Thusong service centre	-	-	-	-	-	-	-	-	-	-	-
Community Development Workers	-	-	-	56 000	-	-	(33 916)	-	22 084	22 083,60	-
Municipal Drought Relief Grant	1 571 689	-	1 571 689	1 818 000	-	-	-	(2 348 464)	1 041 225	1 041 225,12	-
Western Cape Helix Innovative Government	-	-	-	-	-	-	-	-	-	-	-
Western Cape Financial Management Grant	879 998	-	879 998	300 000	-	(800 000)	(300 000)	-	79 998	79 998,35	-
Financial Capacity - SDBIP	-	-	-	-	-	-	-	-	-	-	-
Additional WC Drought relief for Boreholes	-	-	-	-	-	-	-	-	-	-	-
Total Provincial Government Grants	4 674 188	-	4 674 188	8 464 000	-	(1 522 500)	(2 123 916)	(4 653 619)	4 838 152	4 838 152,03	-
District Municipality Grants											
Central Karro District Municipality	400 000	-	400 000	400 000	-	-	(400 000)	-	400 000	400 000,00	-
Central Karro District Municipality <i>list</i>	-	-	-	-	-	-	-	-	-	-	-
Total District Municipality Grants	400 000	-	400 000	400 000	-	-	(400 000)	-	400 000	400 000,00	-
Other Grant Providers											
Allocations in kind - NT contribution on audit	-	-	-	1 817 737	-	-	(1 817 737)	-	-	-	-
Allocations in kind - MISA - Engineering servi	-	-	-	893 102	-	-	(893 102)	-	-	-	-
SETA	-	-	-	25 172	-	-	(25 172)	-	-	-	-
<i>list</i>	-	-	-	-	-	-	-	-	-	-	-
Total Other Grant Providers	-	-	-	2 736 011	-	-	(2 736 011)	-	-	-	-
Total Grants	16 512 613	-	16 512 613	47 707 011	-	(6 873 458)	(34 294 227)	(17 813 786)	5 238 152	5 238 152,04	-

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

MUN - Reconciliation of Table A1 Budget Summary

Description	2020/21								2019/20			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
R thousands												
Financial Performance												
Property rates	4 478	100	4 578	4 004		(573)	87,5%	89,4%				3 743
Service charges	25 195	1 990	27 185	27 806		621	102,3%	110,4%				24 305
Investment revenue	2 900	(600)	2 300	2 321		21	100,9%	80,0%				3 359
Transfers recognised - operational	31 104	3 438	34 542	34 294		(248)	99,3%	110,3%				30 947
Other own revenue	5 676	(417)	5 259	6 684		1 425	127,1%	117,8%				5 982
Total Revenue (excluding capital transfers and contributions)	69 353	4 511	73 864	75 110		1 246	101,7%	108,3%				68 336
Employee costs	22 709	3 399	26 107	23 815	-	(2 293)	91,2%	104,9%	-	-	-	22 998
Remuneration of councillors	3 370	-	3 370	3 155	-	(216)	93,6%	93,6%	-	-	-	3 127
Depreciation & asset impairment	3 984	-	3 984	4 911	927	927	123,3%	123,3%	-	-	-	4 944
Finance charges	1 344	-	1 344	818	-	(526)	60,9%	60,9%	-	-	-	1 142
Materials and bulk purchases	12 977	1 170	14 147	12 741	-	(1 406)	90,1%	98,2%	-	-	-	12 016
Transfers and grants	340	-	340	320	-	(20)	94,1%	94,1%	-	-	-	1 225
Other expenditure	24 620	(60)	24 560	25 400	839	839	103,4%	103,2%	-	-	-	24 823
Total Expenditure	69 345	4 509	73 854	71 160	1 766	(2 694)	96,4%	102,6%	-	-	-	70 275
Surplus/(Deficit)	8	2	10	3 951		3 940	3837,9%	46583,2%				(1 939)
Transfers recognised - capital	14 104	7 945	22 048	17 814		(4 235)	80,8%	126,3%				12 723
Contributions recognised - capital & contributed assets	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) after capital transfers & contributions	14 112	7 946	22 059	21 765		(294)	98,7%	154,2%				10 784
Share of surplus/ (deficit) of associate	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) for the year	14 112	7 946	22 059	21 765		(294)	98,7%	154,2%				10 784
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	12 264	9 088	21 352	-		(21 352)	0,0%	0,0%				12 723
Public contributions & donations	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Borrowing	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Internally generated funds	514	6 444	6 958	-		(6 958)	0,0%	0,0%				-
Total sources of capital funds	12 778	15 532	28 310	-		(28 310)	0,0%	0,0%				12 723
Cash flows												
Net cash from (used) operating	14 597	(912)	13 685	-		-	0,0%	0,0%				-
Net cash from (used) investing	(12 745)	(15 476)	(28 221)	-		-	0,0%	0,0%				-
Net cash from (used) financing	10	1	10	-		-	0,0%	0,0%				-
Cash/cash equivalents at the year end	28 233	9 223	37 456	-		-	0,0%	0,0%				-

MUN - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2020/21								2019/20			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	40 541	3 909	44 451	41 698		(2 752)	93,8%	102,9%				30 702
Executive and council	27 866	4 440	32 306	29 104		(3 202)	90,1%	104,4%				21 928
Finance and administration	12 675	(531)	12 145	12 594		450	103,7%	99,4%				8 774
Internal audit	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Community and public safety	5 578	(168)	5 410	6 516		1 106	120,5%	116,8%				8 150
Community and social services	2 030	499	2 529	2 604		75	103,0%	128,3%				3 913
Sport and recreation	22	(20)	2	3		1	138,2%	12,6%				13
Public safety	3 526	(647)	2 879	3 910		1 031	135,8%	110,9%				4 223
Housing	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Health	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Economic and environmental services	1 139	-	1 139	1 066		(72)	93,6%	93,6%				89
Planning and development	56	-	56	34		(22)	60,6%	60,6%				89
Road transport	1 083	-	1 083	1 032		(50)	95,3%	95,3%				0
Environmental protection	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Trading services	36 199	8 714	44 913	44 818		(95)	99,8%	123,8%				41 802
Electricity	16 450	(7)	16 443	16 683		240	101,5%	101,4%				16 719
Water	14 436	7 762	22 198	21 639		(560)	97,5%	149,9%				16 520
Waste water management	3 377	683	4 060	4 236		176	104,3%	125,4%				5 088
Waste management	1 936	276	2 212	2 260		48	102,2%	116,7%				3 474
Other	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Total Revenue - Standard	83 457	12 455	95 912	94 098		(1 814)	98,1%	112,8%				80 743
Expenditure - Standard												
Governance and administration	26 880	575	27 455	24 901	-	(2 554)	90,7%	92,6%	-	-	-	25 945
Executive and council	7 874	26	7 900	6 686	-	(1 213)	84,6%	84,9%	-	-	-	7 649
Finance and administration	19 007	549	19 556	18 215	-	(1 341)	93,1%	95,8%	-	-	-	18 296
Internal audit	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Community and public safety	7 367	881	8 247	8 418	565	170	102,1%	114,3%	-	-	-	8 494
Community and social services	2 537	519	3 056	2 718	-	(338)	88,9%	107,1%	-	-	-	2 462
Sport and recreation	1 269	(146)	1 123	1 066	-	(57)	94,9%	84,0%	-	-	-	1 057
Public safety	3 560	508	4 068	4 634	565	565	113,9%	130,2%	-	-	-	4 975
Housing	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Health	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Economic and environmental services	7 629	1 101	8 730	9 837	1 152	1 107	112,7%	128,9%	-	-	-	9 716
Planning and development	659	16	675	630	-	(45)	93,3%	95,7%	-	-	-	729
Road transport	6 970	1 085	8 055	9 207	1 152	1 152	114,3%	132,1%	-	-	-	8 987
Environmental protection	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Trading services	27 269	1 952	29 221	28 978	1 912	(243)	99,2%	106,3%	-	-	-	25 603
Electricity	14 191	1 422	15 613	14 248	-	(1 365)	91,3%	100,4%	-	-	-	13 425
Water	4 481	89	4 569	6 481	1 912	1 912	141,8%	144,6%	-	-	-	4 593
Waste water management	3 569	303	3 873	3 832	-	(41)	98,9%	107,4%	-	-	-	3 622
Waste management	5 028	138	5 166	4 418	-	(749)	85,5%	87,9%	-	-	-	3 964
Other	200	-	200	200	-	-	100,0%	100,0%	-	-	-	200
Total Expenditure - Standard	69 345	4 509	73 854	72 334	-	(1 520)			-	-	-	69 959
Surplus/(Deficit) for the year	14 112	7 946	22 059	21 765	-	(294)	98,7%	154,2%	-	-	-	10 784

MUN - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2020/21								2019/20			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Executive and Council	28 267	4 339	32 606	28 912		(3 694)	88,7%	102,3%				26 604
Vote 2 - Director Finance	11 768	(400)	11 368	10 820		(548)	95,2%	91,9%				11 958
Vote 3 - Director Corporate	563	(30)	533	1 508		976	283,2%	268,1%				2 117
Vote 4 - Director Community	5 578	(168)	5 410	6 516		1 106	120,5%	116,8%				8 150
Vote 5 - Director Technical Services	37 281	8 714	45 995	46 341		346	100,8%	124,3%				31 914
Total Revenue by Vote	83 457	12 455	95 912	94 098		(1 814)	98,1%	112,8%				80 743
Expenditure by Vote to be appropriated												
Vote 1 - Executive and Council	7 854	26	7 880	6 686	–	(1 193)	84,9%	85,1%	–	–	–	7 649
Vote 2 - Director Finance	12 632	326	12 958	12 483	–	(474)	96,3%	98,8%	404	–	404	12 983
Vote 3 - Director Corporate	7 054	240	7 293	6 361	–	(932)	87,2%	90,2%	–	–	–	6 046
Vote 4 - Director Community	7 567	881	8 447	8 618	170	170	102,0%	113,9%	–	–	–	9 881
Vote 5 - Director Technical Services	34 239	3 037	37 276	38 185	909	909	102,4%	111,5%	104	–	104	33 400
Total Expenditure by Vote	69 345	4 509	73 854	72 334	1 080	(1 520)	97,9%	104,3%	508	–	508	69 959
Surplus/(Deficit) for the year	14 112	7 946	22 059	21 765		(294)	98,7%	154,2%				

MUN - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2020/21								2019/20			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	4 478	100	4 578	4 004		(573)	87,5%	89,4%				3 743
Service charges - electricity revenue	16 260	(7)	16 253	16 483		231	101,4%	101,4%				14 851
Service charges - water revenue	4 233	1 037	5 270	5 517		247	104,7%	130,3%				4 354
Service charges - sanitation revenue	3 127	683	3 810	3 853		43	101,1%	123,2%				3 396
Service charges - refuse revenue	1 576	276	1 852	1 952		100	105,4%	123,9%				1 704
Rental of facilities and equipment	397	-	397	416		19	104,7%	104,7%				489
Interest earned - external investments	2 900	(600)	2 300	2 321		21	100,9%	80,0%				3 359
Interest earned - outstanding debtors	1 280	300	1 580	1 680		100	106,3%	131,3%				892
Dividends received	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Fines, penalties and forfeits	3 332	(567)	2 775	3 509		734	126,5%	105,3%				3 936
Licences and permits	-	-	-	124		124	100,0%	100,0%				73
Agency services	200	(90)	110	281		171	255,5%	140,5%				218
Transfers and subsidies	31 104	3 438	34 542	34 294		(248)	99,3%	110,3%				30 947
Other revenue	467	(70)	397	674		277	169,8%	144,4%				373
Gains on disposal of PPE	-	-	-	-		-	0,0%	0,0%				-
Total Revenue (excluding capital transfers and contributions)	69 353	4 511	73 864	75 110		1 246	101,7%	108,3%				68 336
Expenditure By Type												
Employee related costs	22 709	3 399	26 107	23 815		(2 293)	91,2%	104,9%				22 998
Remuneration of councillors	3 370	-	3 370	3 155		(216)	93,6%	93,6%				3 127
Debt impairment	6 534	-	6 534	9 542	3 008	3 008	146,0%	146,0%				8 630
Depreciation & asset impairment	3 984	-	3 984	4 911	927	927	123,3%	123,3%				4 944
Finance charges	1 344	-	1 344	818		(526)	60,9%	60,9%				1 142
Bulk purchases	12 000	1 282	13 282	12 098		(1 184)	91,1%	100,8%				11 377
Other materials	977	(112)	865	643		(222)	74,4%	65,8%				639
Contracted services	6 552	363	6 915	5 301		(1 614)	76,7%	80,9%				5 155
Transfers and grants	340	-	340	320		(20)	94,1%	94,1%				1 225
Other expenditure	11 534	(423)	11 111	10 707		(404)	96,4%	92,8%				10 983
Loss on disposal of PPE	-	-	-	(151)		(151)	#DIV/0!	#DIV/0!				55
Total Expenditure	69 345	4 509	73 854	71 160	3 935	(2 694)	96,4%	102,6%				70 275
Surplus/(Deficit)	8	2	10	3 951		3 940	38337,9%	46583,2%				(1 939)
Transfers recognised - capital	14 104	7 945	22 048	17 814		(4 235)	80,8%	126,3%				12 723
Contributions recognised - capital	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Contributed assets	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) after capital transfers & contributions	14 112	7 946	22 059	21 765		(294)	98,7%	154,2%				10 784
Taxation	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) after taxation	14 112	7 946	22 059	21 765		(294)	98,7%	154,2%				10 784
Attributable to minorities	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) attributable to municipality	14 112	7 946	22 059	21 765		(294)	98,7%	154,2%				10 784
Share of surplus/ (deficit) of associate	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) for the year	14 112	7 946	22 059	21 765		(294)	98,7%	154,2%				10 784

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2020/21								2019/20			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - Executive and Council	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - Director Finance	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 3 - Director Corporate	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 4 - Director Community	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 5 - Director Technical Services	-	-	-	-	-	-	0%	0%	-	-	-	-
Capital multi-year expenditure	-	-	-	-	-	-	0%	0%	-	-	-	-
Single-year expenditure												
Vote 1 - Executive and Council	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - Director Finance	3 938	1 653	5 592	2 332	-	(3 260)	42%	59%	-	-	-	103
Vote 3 - Director Corporate	-	-	-	-	-	-	0%	0%	-	-	-	34
Vote 4 - Director Community	426	3 034	3 460	3 161	-	(299)	91%	742%	-	-	-	2 528
Vote 5 - Director Technical Services	8 414	10 845	19 259	16 359	-	(2 900)	85%	194%	-	-	-	10 398
Capital single-year expenditure	12 778	15 532	28 310	21 851	-	(6 459)	77%	171%	-	-	-	13 063
Total Capital Expenditure - Vote	12 778	15 532	28 310	21 851	-	(6 459)	77%	171%	-	-	-	13 063

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2020/21								2019/20			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
Governance and administration	3 938	1 653	5 592	2 332	-	(3 260)	0%	0%	-	-	-	951
Executive and council	-	-	-	-	-	-	0%	0%	-	-	-	848
Finance and administration	3 938	1 653	5 592	2 332	-	(3 260)	42%	59%	-	-	-	103
Internal audit	-	-	-	-	-	-	0%	0%	-	-	-	-
Community and public safety	426	1 224	1 650	3 161	-	(162)	0%	0%	-	-	-	1 714
Community and social services	-	-	-	1 673	-	-	-	-	-	-	-	736
Sport and recreation	426	1 224	1 650	1 488	-	(162)	90%	349%	-	-	-	978
Public safety	-	-	-	-	-	-	0%	0%	-	-	-	-
Housing	-	-	-	-	-	-	0%	0%	-	-	-	-
Health	-	-	-	-	-	-	0%	0%	-	-	-	-
Economic and environmental services	4 468	(315)	4 153	4 402	249	249	0%	0%	-	-	-	1 076
Planning and development	-	-	-	-	-	-	0%	0%	-	-	-	-
Road transport	4 468	(315)	4 153	4 402	249	249	106%	99%	-	-	-	1 076
Environmental protection	-	-	-	-	-	-	0%	0%	-	-	-	-
Trading services	3 946	11 160	15 105	11 957	164	(3 148)	0%	0%	-	-	-	9 322
Electricity	-	55	55	47	-	(8)	86%	0%	-	-	-	924
Water	2 087	7 308	9 395	6 211	-	(3 184)	66%	298%	-	-	-	4 597
Waste water management	1 859	2 349	4 208	4 087	-	(121)	97%	220%	-	-	-	3 760
Waste management	-	1 447	1 447	1 612	164	164	111%	0%	-	-	-	41
Other	-	-	-	-	-	-	0%	0%	-	-	-	-
Total Capital Expenditure - Standard	12 778	13 722	26 500	21 851	413	(6 322)	82%	171%	-	-	-	13 063
Funded by:												
National Government	6 770	3 583	10 353	11 733	-	1 381	113%	173%	-	-	-	4 470
Provincial Government	5 494	5 505	10 999	4 047	-	(6 953)	37%	74%	-	-	-	6 569
District Municipality	-	-	-	-	-	-	0%	0%	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	0%	0%	-	-	-	-
Transfers recognised - capital	12 264	9 088	21 352	15 780	-	(5 572)	0%	0%	-	-	-	11 039
Public contributions & donations	-	-	-	-	-	-	0%	0%	-	-	-	-
Borrowing	-	-	-	-	-	-	0%	0%	-	-	-	-
Internally generated funds	514	6 444	6 958	6 071	-	(887)	87%	1181%	-	-	-	2 024
Total Capital Funding	12 778	15 532	28 310	21 851	-	(6 459)	77%	171%	-	-	-	13 063

MUN - Reconciliation of Table A7 Budgeted Cash Flows

Description	2020/21							2019/20
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties and collection charges	3 134	70	3 204	3 910	706	122.0%	124.8%	3 381
Service charges	17 637	1 393	19 029	23 731	4 702	124.7%	134.6%	18 470
Other revenue	1 283	(216)	1 067	1 504	437	141.0%	117.3%	1 401
Government - operating	31 104	2 957	34 061	33 403	(658)	98.1%	107.4%	38 741
Government - capital	14 104	(2 511)	11 593	11 593	-	100.0%	82.2%	17 724
Interest	3 796	(390)	3 406	2 321	(1 085)	68.2%	61.2%	3 359
Dividends	-	-	-	-	-	0.0%	0.0%	-
Payments								
Suppliers and employees	(56 062)	(2 215)	(58 277)	(54 517)	3 760	93.5%	97.2%	(49 897)
Finance charges	(59)	-	(59)	(9)	50	14.7%	14.7%	-
Transfers and Grants	(340)	-	(340)	(320)	20	94.1%	94.1%	(1 225)
NET CASH FROM/(USED) OPERATING ACTIVITIES	14 597	(912)	13 685	21 618	7 933	158.0%	148.1%	31 954
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	254	254	0.0%	0.0%	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	0.0%	0.0%	-
Decrease (increase) other non-current receivables	-	-	-	-	-	0.0%	0.0%	-
Decrease (increase) in non-current investments	-	-	-	-	-	0.0%	0.0%	-
Payments								
Capital assets	(12 745)	(15 476)	(28 221)	(21 851)	6 370	77.4%	171.4%	(13 063)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(12 745)	(15 476)	(28 221)	(21 597)	6 624	76.5%	169.5%	(13 063)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	0.0%	0.0%	-
Borrowing long term/refinancing	-	-	-	-	-	0.0%	0.0%	-
Increase (decrease) in consumer deposits	10	1	10	-	(10)	0.0%	0.0%	-
Payments								
Repayment of borrowing	-	-	-	(51)	-	0.0%	0.0%	(5)
NET CASH FROM/(USED) FINANCING ACTIVITIES	10	1	10	(51)	(10)	-498.6%	-525.8%	(5)
NET INCREASE/ (DECREASE) IN CASH HELD	-	-	-	-				-
Cash/cash equivalents at the year begin:	26 372	25 610	51 982	51 967				33 084
Cash/cash equivalents at the year end:	28 233	9 223	37 456	51 937	14 481	138.7%	184.0%	51 967