

# **OVERBERG**

## **DISTRICT MUNICIPALITY**

### **ANNUAL REPORT**

#### **2019/2020**

#### **Volume II**



## **ANNUAL FINANCIAL STATEMENTS**

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

# OVERBERG DISTRICT MUNICIPALITY



## ANNUAL FINANCIAL STATEMENTS

30 JUNE 2020



# OVERBERG DISTRICT MUNICIPALITY

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# OVERBERG DISTRICT MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

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

### LEGAL FORM

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

### JURISDICTION

The Overberg District Municipality includes the following areas:

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

### MEMBERS OF THE COUNCIL

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

### MUNICIPAL MANAGER

Mr D P Beretti

### CHIEF FINANCIAL OFFICER

Mr CF Hoffmann



# OVERBERG DISTRICT MUNICIPALITY

## GENERAL INFORMATION

### REGISTERED OFFICE

26 Long Street, Bredasdorp, 7280

### POSTAL ADDRESS

Private Bag X22, Bredasdorp, 7280

### AUDITORS

Office of the Auditor General (WC)

### PRIMARY BANKER

Nedbank

### ATTORNEYS

AA Solwandle Attorneys

Barisford Brent Petersen Law Incorporated

Besters Attorneys

Bradley Conradie Halton Cheadle

Cheadle Thompson & Haysom Incorporated Attorneys

CSM Attorneys

Enderstein Van Der Merwe Incorporated

John Macrobert Attorneys

Kapditwala Incorporated T/a Dentons South Africa

Kruger & Blignaut Attorneys

Lizel Venter Attorneys

Luttig Badenhorst Fourie Attorneys

September & Associates Attorneys

Webber Wentzel

Yvette Cloete & Associates

### RELEVANT LEGISLATION

Municipal Finance Management Act, 2003. (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act,1998. (Act no 117 of 1998)

Municipal Systems Act, 2000. (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act,1997. (Act no 108 of 1997)

Housing Act,1997. (Act no 107 of 1997)

Municipal Property Rates Act, 2004. (Act no 6 of 2004)

Electricity Act,1987. (Act no 41 of 1987)

Skills Development Levies Act,1999. (Act no 9 of 1999)

Employment Equity Act,1998. (Act no 55 of 1998)

Unemployment Insurance Act,1966. (Act no 30 of 1966)

Basic Conditions of Employment Act,1997. (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALGBC Leave Regulations

Municipal Budget and Reporting Regulations

mSCOA Regulations

Municipal Cost Containment Regulations, 2019



# OVERBERG DISTRICT MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

### APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2020, which are set out on pages 1 to 126 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2021 and I am satisfied that the Municipality remains a going concern for the foreseeable future.

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

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

As per Government Gazette no. 43582 dated 5th August 2020, National Treasury has granted municipalities and municipal entities a two-month extension regarding the submission of AFS. The municipality has taken advantage of this exemption.



Mr D P Beretti  
Municipal Manager

24 August 2021

Date



# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

	Notes	2020 R (Actual)	2019 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>		<b>55 091 419</b>	<b>49 370 638</b>
Cash and Cash Equivalents	2	36 646 958	38 447 976
Receivables from exchange transactions	3	15 168 836	7 745 767
Receivables from non-exchange transactions	4	429 513	380 016
Operating Lease Asset	5	-	-
Inventory	6	700 111	788 194
Employee Benefits	10	2 146 000	2 008 685
<b>Non-Current Assets</b>		<b>97 727 653</b>	<b>102 209 022</b>
Investment Property	7	12 811 350	12 811 350
Property, Plant and Equipment	8	65 910 673	67 781 649
Intangible Assets	9	17 629	25 595
Employee Benefits	10	18 988 000	21 590 428
<b>Total Assets</b>		<b>152 819 071</b>	<b>151 579 660</b>
<b>Current Liabilities</b>		<b>37 067 174</b>	<b>32 194 811</b>
Current Portion of Long-term Liabilities	11	2 949 453	2 872 212
Consumer Deposits	12	8 160	8 160
Payables from exchange transactions	13	9 965 187	11 802 243
Unspent Conditional Government Grants	14	7 484 410	4 331 567
Operating Lease Liability	5	-	-
Taxes	15	2 634 303	1 059 747
Current Employee benefits	16	14 025 662	12 120 881
<b>Non-Current Liabilities</b>		<b>71 433 880</b>	<b>81 133 356</b>
Long-term Liabilities	11	22 211 463	25 160 916
Employee benefits	17	46 622 000	51 478 643
Non-Current Provisions	18	2 600 416	4 493 797
<b>Total Liabilities</b>		<b>108 501 054</b>	<b>113 328 167</b>
<b>NET ASSETS</b>		<b>44 318 017</b>	<b>38 251 493</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	19	44 318 017	38 251 493
<b>TOTAL COMMUNITY WEALTH</b>		<b>44 318 017</b>	<b>38 251 493</b>



# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2020

	Notes	2020 R (Actual)	2019 R (Restated)
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>82 986 738</b>	<b>85 439 902</b>
<b>Transfer Revenue</b>		<b>75 742 665</b>	<b>74 857 602</b>
Government Grants and Subsidies - Capital	20	691 183	1 483 000
Government Grants and Subsidies - Operating	20	75 051 482	73 374 602
<b>Other Revenue</b>		<b>7 244 072</b>	<b>10 582 301</b>
Actuarial Gains	22	7 244 072	10 582 301
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>138 493 770</b>	<b>127 646 842</b>
<b>Operating Activities</b>		<b>138 493 770</b>	<b>127 646 842</b>
Roads Maintenance Services	21	94 628 565	93 654 452
Service Charges	23	11 467 850	2 102 464
Rental of Facilities and Equipment	24	14 574 067	15 201 012
Interest Earned - external investments		1 896 273	2 158 752
Licences and Permits		136 758	122 893
Agency Services	25	10 127 284	9 214 868
Insurance Receipts		88 301	244 053
Other Income	26	5 312 278	4 066 029
Reversal of Debt Impairment	27	262 393	-
Gain on disposal of Investment Property		-	882 318
<b>TOTAL REVENUE</b>		<b>221 480 508</b>	<b>213 086 745</b>
<b>EXPENDITURE</b>			
Employee related costs	28	109 265 846	101 195 223
Remuneration of Councillors	29	6 197 440	6 264 038
Debt Impairment	30	144 736	2 066 725
Depreciation and Amortisation	31	3 567 855	3 558 201
Actuarial losses	32	-	422 066
Finance Charges	33	8 214 716	7 009 188
Contracted services	34	17 356 471	15 413 137
Transfers and Grants	35	-	360 000
Other Expenditure	36	70 163 544	73 074 269
Stock Adjustments	6	24 281	47 685
Loss on disposal of Assets	37	479 095	3 055 698
<b>TOTAL EXPENDITURE</b>		<b>215 413 984</b>	<b>212 466 230</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>6 066 524</b>	<b>620 515</b>





# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2020

	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2018 - Previously Reported	17 931 562	17 931 562
Prior Period Adjustment - Refer to note 39.09	19 699 416	19 699 416
Balance on 30 June 2018 - Restated	<u>37 630 978</u>	<u>37 630 978</u>
Net Surplus for the Year	620 515	620 515
Balance on 30 June 2019 - Restated	<u>38 251 493</u>	<u>38 251 493</u>
Net Surplus for the Year	6 066 524	6 066 524
Balance on 30 June 2020	<u><u>44 318 017</u></u>	<u><u>44 318 017</u></u>



# OVERBERG DISTRICT MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2020

	Notes	2020 R (Actual)	2019 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Service charges		9 726 426	1 523 417
Other revenue		22 399 722	32 720 342
Roads Maintenance Services		96 351 324	87 586 336
Government - operating		79 803 470	74 152 314
Government - capital		266 349	4 183 000
Interest		1 876 933	2 227 718
<b>Payments</b>			
Suppliers and employees		(203 348 290)	(200 558 441)
Finance charges		(3 004 185)	(2 209 449)
Transfers and Grants		-	(360 000)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>40</b>	<b>4 071 750</b>	<b>(734 764)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on Disposal of Investment Property		-	1 062 318
<b>Payments</b>			
Purchase of Property, Plant and Equipment		(3 000 556)	(24 571 196)
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(3 000 556)</b>	<b>(23 508 878)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
Loans Raised		-	28 392 514
Increase/(Decrease) in Consumer Deposits		-	(3 660)
<b>Payments</b>			
Loans repaid		(2 872 212)	(2 412 622)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(2 872 212)</b>	<b>25 976 232</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(1 801 017)</b>	<b>1 732 590</b>
Cash and Cash Equivalents at the beginning of the year		38 447 976	36 715 385
Cash and Cash Equivalents at the end of the year		36 646 958	38 447 976
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(1 801 017)</b>	<b>1 732 590</b>



**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2020 R (Actual)	2020 R (Final Budget)	2020 R (Variance)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	36 646 958	35 362 346	1 284 612
Consumer debtors	8 642 237	1 233 152	7 409 086
Other Receivables	6 956 112	1 343 490	5 612 622
Inventory	700 111	788 194	(88 083)
Employee Benefits	2 146 000	-	2 146 000
<b>Total current assets</b>	<b>55 091 419</b>	<b>38 727 182</b>	<b>16 364 237</b>
<b>Non current assets</b>			
Employee Benefits	18 988 000	28 432 572	(9 444 572)
Investment property	12 811 350	12 879 850	(68 500)
Property, plant and equipment	65 910 673	77 755 551	(11 844 877)
Intangible Assets	17 629	223 669	(206 039)
<b>Total non current assets</b>	<b>97 727 653</b>	<b>119 291 641</b>	<b>(21 563 989)</b>
<b>TOTAL ASSETS</b>	<b>152 819 071</b>	<b>158 018 823</b>	<b>(5 199 752)</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowing	2 949 453	2 949 453	-
Consumer deposits	8 160	8 160	-
Trade and other payables	20 083 899	13 810 895	6 273 004
Provisions and Employee Benefits	14 025 662	12 848 134	1 177 528
<b>Total current liabilities</b>	<b>37 067 174</b>	<b>29 616 642</b>	<b>7 450 532</b>
<b>Non current liabilities</b>			
Borrowing	22 211 463	22 211 463	-
Provisions and Employee Benefits	49 222 416	87 413 823	(38 191 406)
<b>Total non current liabilities</b>	<b>71 433 880</b>	<b>109 625 286</b>	<b>(38 191 406)</b>
<b>TOTAL LIABILITIES</b>	<b>108 501 054</b>	<b>139 241 928</b>	<b>(30 740 874)</b>
<b>NET ASSETS</b>	<b>44 318 017</b>	<b>18 776 895</b>	<b>25 541 122</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus and Reserves	44 318 017	18 776 895	25 541 122
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>44 318 017</b>	<b>18 776 895</b>	<b>25 541 122</b>

Refer to note 42.2 for further details relating to material variances.

**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020**

**ADJUSTMENTS TO APPROVED BUDGET**

	2020 R (Approved Budget)	2020 R (Adjustments)	2020 R (Final Budget)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	35 362 346	-	35 362 346
Consumer debtors	1 233 152	-	1 233 152
Other Receivables	1 343 490	-	1 343 490
Inventory	788 194	-	788 194
<b>Total current assets</b>	<b>38 727 182</b>	<b>-</b>	<b>38 727 182</b>
<b>Non current assets</b>			
Long-term receivables	28 432 572	-	28 432 572
Investment property	12 879 850	-	12 879 850
Property, plant and equipment	77 755 551	-	77 755 551
Intangible Assets	223 669	-	223 669
<b>Total non current assets</b>	<b>119 291 641</b>	<b>-</b>	<b>119 291 641</b>
<b>TOTAL ASSETS</b>	<b>158 018 823</b>	<b>-</b>	<b>158 018 823</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowing	2 949 453	-	2 949 453
Consumer deposits	8 160	-	8 160
Trade and other payables	13 810 895	-	13 810 895
Provisions and Employee Benefits	12 848 134	-	12 848 134
<b>Total current liabilities</b>	<b>29 616 642</b>	<b>-</b>	<b>29 616 642</b>
<b>Non current liabilities</b>			
Borrowing	22 211 463	-	22 211 463
Provisions and Employee Benefits	87 413 823	-	87 413 823
<b>Total non current liabilities</b>	<b>109 625 286</b>	<b>-</b>	<b>109 625 286</b>
<b>TOTAL LIABILITIES</b>	<b>139 241 928</b>	<b>-</b>	<b>139 241 928</b>
<b>NET ASSETS</b>	<b>18 776 895</b>	<b>-</b>	<b>18 776 895</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus and Reserves	18 776 895	-	18 776 895
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>18 776 895</b>	<b>-</b>	<b>18 776 895</b>

Refer to note 42.2 for further details relating to material variances.

# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2020

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2020 R (Actual)	2020 R (Final Budget)	2020 R (Variance)
<b>REVENUE BY SOURCE</b>			
Service charges	11 467 850	10 723 096	744 754
Rental of facilities and equipment	14 574 067	12 039 330	2 534 737
Interest earned - external investments	1 896 273	2 500 000	(603 727)
Interest earned - outstanding debtors	-	100 000	(100 000)
Licences and permits	136 758	300 000	(163 242)
Agency services	10 127 284	9 882 370	244 914
Government Grants and Subsidies - Operating	75 051 482	80 430 968	(5 379 486)
Other revenue (including Roads Maintenance Service)	107 535 610	109 768 331	(2 232 721)
Gains on disposal of Assets	-	5 100 000	(5 100 000)
<b>TOTAL OPERATING REVENUE</b>	<b>220 789 324</b>	<b>230 844 095</b>	<b>(10 054 771)</b>
<b>EXPENDITURE BY TYPE</b>			
Employee related costs	109 265 846	112 093 689	(2 827 843)
Remuneration of councillors	6 197 440	6 617 599	(420 159)
Debt impairment	144 736	-	144 736
Depreciation & asset impairment	3 567 855	3 575 545	(7 690)
Finance charges	8 214 716	11 016 117	(2 801 401)
Contracted services	17 356 471	23 053 287	(5 696 816)
Transfers and Grants	-	484 347	(484 347)
Other Expenditure and Materials	70 187 825	80 392 895	(10 205 070)
Loss on disposal of PPE	479 095	-	479 095
<b>TOTAL OPERATING EXPENDITURE</b>	<b>215 413 984</b>	<b>237 233 479</b>	<b>(21 819 495)</b>
<b>OPERATING SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>5 375 341</b>	<b>(6 389 384)</b>	<b>11 764 725</b>
Government Grants and Subsidies - Capital	691 183	2 650 000	(1 958 817)
<b>NET SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>6 066 524</b>	<b>(3 739 384)</b>	<b>9 805 908</b>

Refer to note 42.2 for further details relating to material variances.



# OVERBERG DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2020

#### ADJUSTMENTS TO APPROVED BUDGET

	2020 R (Approved Budget)	2020 R (Adjustments)	2020 R (Final Budget)
<b>REVENUE BY SOURCE</b>			
Service charges	10 723 096	-	10 723 096
Rental of facilities and equipment	12 039 330	-	12 039 330
Interest earned - external investments	2 500 000	-	2 500 000
Interest earned - outstanding debtors	100 000	-	100 000
Licences and permits	300 000	-	300 000
Agency services	9 882 370	-	9 882 370
Government Grants and Subsidies - Operating	80 430 968	-	80 430 968
Other revenue (including Roads Maintenance Service)	109 768 331	-	109 768 331
Gains on disposal of PPE/Assets	5 100 000	-	5 100 000
<b>TOTAL OPERATING REVENUE</b>	<b>230 844 095</b>	<b>-</b>	<b>230 844 095</b>
<b>EXPENDITURE BY TYPE</b>			
Employee related costs	112 051 236	42 453	112 093 689
Remuneration of councillors	6 617 599	-	6 617 599
Depreciation & asset impairment	3 575 545	-	3 575 545
Finance charges	11 016 067	50	11 016 117
Contracted services	22 930 565	122 722	23 053 287
Transfers and Grants	484 347	-	484 347
Other Expenditure and Materials	80 558 120	(165 225)	80 392 895
<b>TOTAL OPERATING EXPENDITURE</b>	<b>237 233 479</b>	<b>-</b>	<b>237 233 479</b>
<b>OPERATING SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>(6 389 384)</b>	<b>-</b>	<b>(6 389 384)</b>
Government Grants and Subsidies - Capital	2 650 000	-	2 650 000
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(3 739 384)</b>	<b>-</b>	<b>(3 739 384)</b>

Refer to note 42.2 for further details relating to material variances.



**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2020**

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2020 R (Actual)	2020 R (Final Budget)	2020 R (Variance)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Service charges	9 726 426	10 723 096	(996 670)
Other revenue	118 751 046	134 490 031	(15 738 985)
Government - operating	79 803 470	79 810 762	(7 292)
Government - capital	266 349	200 000	66 349
Interest	1 876 933	2 600 000	(723 067)
<b>Payments</b>			
Suppliers and Employees	(203 348 290)	(223 915 971)	20 567 681
Finance charges	(3 004 185)	(3 084 988)	80 803
Transfers and Grants	-	(484 348)	484 348
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>4 071 750</b>	<b>338 582</b>	<b>3 733 168</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of Assets	-	5 100 000	(5 100 000)
<b>Payments</b>			
Capital assets	(3 000 556)	(5 652 000)	2 651 444
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(3 000 556)</b>	<b>(552 000)</b>	<b>(2 448 556)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Repayment of borrowing	(2 872 212)	(2 872 211)	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2 872 212)</b>	<b>(2 872 211)</b>	<b>-</b>
<b>NET DECREASE IN CASH HELD</b>	<b>(1 801 017)</b>	<b>(3 085 629)</b>	<b>1 284 612</b>
Cash and Cash Equivalents at the beginning of the year	38 447 976	38 447 976	-
Cash and Cash Equivalents at the end of the year	36 646 958	35 362 346	1 284 612
<b>NET DECREASE IN CASH HELD</b>	<b>(1 801 017)</b>	<b>(3 085 629)</b>	<b>1 284 612</b>

Refer to note 42.2 for further details relating to material variances.

**OVERBERG DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2020**

**ADJUSTMENTS TO APPROVED BUDGET**

	2020 R (Approved Budget)	2020 R (Adjustments)	2020 R (Final Budget)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Service charges	10 723 096	-	10 723 096
Other revenue	134 490 031	-	134 490 031
Government - Operating	79 810 762	-	79 810 762
Government - Capital	200 000	-	200 000
Interest	2 600 000	-	2 600 000
<b>Payments</b>			
Suppliers and Employees	(223 915 971)	-	(223 915 971)
Finance charges	(3 084 988)	-	(3 084 988)
Transfers and Grants	(484 348)	-	(484 348)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>338 582</b>	<b>-</b>	<b>338 582</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of PPE/Assets	5 100 000	-	5 100 000
<b>Payments</b>			
Capital assets	(5 652 000)	-	(5 652 000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(552 000)</b>	<b>-</b>	<b>(552 000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Repayment of borrowing	(2 872 211)	-	(2 872 211)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2 872 211)</b>	<b>-</b>	<b>(2 872 211)</b>
<b>NET DECREASE IN CASH HELD</b>	<b>(3 085 629)</b>	<b>-</b>	<b>(3 085 629)</b>
Cash and Cash Equivalents at the beginning of the year	38 447 976	-	38 447 976
Cash and Cash Equivalents at the end of the year	35 362 346	-	35 362 346
<b>NET DECREASE IN CASH HELD</b>	<b>(3 085 629)</b>	<b>-</b>	<b>(3 085 629)</b>

Refer to note 42.2 for further details relating to material variances.





# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1 ACCOUNTING POLICIES

#### 1.01 BASIS OF PREPARATION

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

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

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

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

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

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

#### 1.02 TRANSITIONAL PROVISIONS

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

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

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

#### 1.03 PRESENTATION CURRENCY

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

#### 1.04 GOING CONCERN ASSUMPTION

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.05 COMPARATIVE INFORMATION

#### 1.05.1 Prior year comparatives

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

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

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

#### 1.05.2 Amended Accounting Policies

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

### 1.06 MATERIALITY

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

### 1.07 BUDGET INFORMATION

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

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

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

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

#### 1.08.1 Effective dates determined

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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

The Municipality resolved to early adopt the Amendments to the Standards of GRAP for "Presentation of Financial Statements" which was issued in April 2019. The amendments effected the following Standards of GRAP:

Standard	Description	Effective Date
GRAP 1	Presentation of Financial Statements	1 April 2020
GRAP 21	Impairment of Non-cash-generating Assets	1 April 2020
GRAP 23	Impairment of Cash-generating Assets	1 April 2020
GRAP 104	Financial Instruments	1 April 2020

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

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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

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

#### 1.08.1.1 GRAP 18 - Segment Reporting (effective 1 April 2020)

The objective of this Standard is to establish principles for reporting financial information by segments.

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

#### 1.08.1.2 GRAP 34 - Separate Financial Statements (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

#### 1.08.1.3 GRAP 35 - Consolidated Financial Statements (effective 1 April 2020)

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

#### 1.08.1.4 GRAP 36 - Investments in Associates and Joint Ventures (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

#### 1.08.1.5 GRAP 37 - Joint Arrangements (effective 1 April 2020)

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

#### 1.08.1.6 GRAP 38 - Disclosure of Interests in Other Entities (effective 1 April 2020)

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

#### 1.08.1.7 GRAP 110 - Living and Non-living Resources (effective 1 April 2020)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

No significant impact is expected as the Municipality does not have any living resources. Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

#### 1.08.1.8 iGRAP 20 - Accounting for Adjustments to Revenue (effective 1 April 2020)

This Interpretation clarifies the accounting for adjustments to:

- (a) exchange and non-exchange revenue charged in terms of legislation or similar means; and
- (b) interest and penalties that arise from revenue already recognised.

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

### 1.08.2 Effective dates not yet determined

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

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

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

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 Standard's requirements.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.09 RESERVES

#### 1.09.1 Accumulated Surplus

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

### 1.10 INVESTMENT PROPERTY

#### 1.10.1 Initial Recognition

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

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

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

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

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

#### 1.10.2 Subsequent Measurement – Cost Model

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.10 INVESTMENT PROPERTY (CONTINUED)

#### 1.10.3 Depreciation – Cost Model

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

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

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

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

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

	YEARS
Land	Indefinite

#### 1.10.4 Impairment

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

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

#### 1.10.5 Derecognition

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.11 PROPERTY, PLANT AND EQUIPMENT

#### 1.11.1 Initial Recognition

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

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

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

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

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

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

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

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

#### 1.11.2 Subsequent Measurement - Cost Model

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

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



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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

#### 1.11.3 Depreciation

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

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

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

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

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

#### 1.11.4 Impairment

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

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

#### 1.11.5 Derecognition

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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

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

### 1.12 INTANGIBLE ASSETS

#### 1.12.1 Initial Recognition

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

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

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

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

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

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

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

#### 1.12.2 Subsequent Measurement - Cost Model

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.12 INTANGIBLE ASSETS (CONTINUED)

#### 1.12.3 Amortisation

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

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

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

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

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

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

	Years
Computer Software	10
Computer Software Licences	10

#### 1.12.4 Impairment

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

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

#### 1.12.5 Derecognition

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.13 IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

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

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

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

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

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

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

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

#### 1.13.3 Impairment loss

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

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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

#### 1.13.4 Reversal of an impairment loss

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

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

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

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

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

### 1.14 INVENTORIES

#### 1.14.1 Initial Recognition

Inventories are assets:

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

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

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

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.14 INVENTORIES (CONTINUED)

#### 1.14.2 Subsequent Measurement

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

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

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

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

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

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

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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

### 1.15 EMPLOYEE BENEFITS

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

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

#### 1.15.1 Post-Retirement Benefits

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.15 EMPLOYEE BENEFITS (CONTINUED)

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

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

#### 1.15.1.2 *Post Retirement Medical Obligations*

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

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

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

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

### 1.15.2 Long-term Benefits

#### 1.15.2.1 Long Service Awards

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.15 EMPLOYEE BENEFITS (CONTINUED)

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

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

#### 1.15.3 Short-term Benefits

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

Short-term employee benefits include items such as:

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

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

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

##### 1.15.3.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

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

##### 1.15.3.2 Staff Bonuses Accrued

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



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.15 EMPLOYEE BENEFITS (CONTINUED)

#### 1.15.3.3 Provision for Performance Bonuses

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

### 1.16 PROVISIONS

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

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

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

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.16 PROVISIONS (CONTINUED)

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

### 1.17 LEASES

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

#### 1.17.1 Municipality as Lessee

##### 1.17.1.1 Finance Leases

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

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

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

##### 1.17.1.2 Operating leases

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

#### 1.17.2 Municipality as Lessor

##### 1.17.2.1 Operating Leases

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.18 FINANCIAL INSTRUMENTS

#### 1.18.1 Initial Recognition

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

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

#### 1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.18 FINANCIAL INSTRUMENTS (CONTINUED)

#### 1.18.3 Impairment and uncollectability of financial assets

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

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

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

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

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

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

#### 1.18.4 Derecognition of financial instruments

##### 1.18.4.1 *Financial assets*

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.18 FINANCIAL INSTRUMENTS (CONTINUED)

#### 1.18.4.2 *Financial liabilities*

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

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

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

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

### 1.19 STATUTORY RECEIVABLES

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

#### 1.19.1 **Initial Recognition**

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

#### 1.19.2 **Subsequent Measurement**

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.19 STATUTORY RECEIVABLES (CONTINUED)

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

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

#### 1.19.3 Derecognition

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

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

### 1.20 CASH AND CASH EQUIVALENTS

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

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

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

### 1.21 RECEIVABLES

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.21 RECEIVABLES (CONTINUED)

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

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

### 1.22 TAXES (VALUE ADDED TAX)

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

### 1.23 PAYABLES AND ANNUITY LOANS

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

### 1.24 CONSUMER DEPOSITS

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

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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

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

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

### 1.26 REVENUE

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

#### 1.26.1 Revenue from Non-Exchange Transactions

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

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

##### 1.26.1.1 *Transfer Revenue*

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

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

##### 1.26.1.2 *Unclaimed deposits*

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



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.26 REVENUE (CONTINUED)

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

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

#### 1.26.1.4 *Services in-kind*

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

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

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

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

#### 1.26.1.5 *Contributed Assets*

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

#### 1.26.1.6 *Actuarial Gains*

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

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

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

#### 1.26.2.1 *Service Charges*

Service Charges are levied in terms of approved tariffs.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.26 REVENUE (CONTINUED)

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

#### 1.26.2.2 Roads Maintenance Service

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

#### 1.26.2.2 Investment income

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

#### 1.26.2.3 Insurance Receipts

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

#### 1.26.2.4 Rental income

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

#### 1.26.2.5 Income from Agency Services

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

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

#### 1.26.2.6 Other Tariffs

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



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.26 REVENUE (CONTINUED)

#### 1.26.2.7 *Sale of goods*

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

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

#### 1.26.2.8 *Deferred payment*

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

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

### 1.27 BORROWING COSTS

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

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

### 1.28 UNAUTHORISED EXPENDITURE

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.29 IRREGULAR EXPENDITURE

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

### 1.30 FRUITLESS AND WASTEFUL EXPENDITURE

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

### 1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

### 1.32 CAPITAL COMMITMENTS

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

### 1.33 REPAIRS AND MAINTENANCE

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

Refer to note 38 for required disclosure relating to repairs and maintenance costs identified by management.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.34 EVENTS AFTER REPORTING DATE

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

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

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

### 1.35 RELATED PARTIES

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

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

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

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

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 1.35 RELATED PARTIES (CONTINUED)

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

### 1.36 ACCOUNTING BY PRINCIPLES AND AGENTS

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

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

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

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

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

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

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

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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

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

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

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

### 1.37 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

#### 1.37.1 Application of Directive 7

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

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

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

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

#### 1.37.2 Impairment of Receivables

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

#### 1.37.3 Useful lives and residual values

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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

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

#### 1.37.4 Impairment of non-monetary assets

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

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

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

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

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

#### 1.37.6 Provisions and Contingent Liabilities

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

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

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

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



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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

#### 1.37.8 Financial assets and liabilities

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

#### 1.37.9 Revenue Recognition

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

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

#### 1.37.10 Recognition and Derecognition of Land

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

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

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

#### 1.37.11 Applying materiality

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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

#### 1.37.12 Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

- (a) Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site; and
- (b) Refer to note 18 for other major assumptions utilised

#### 1.37.13 Provision for Staff leave

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

#### 1.37.14 Componentisation of Infrastructure assets

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>2 CASH AND CASH EQUIVALENTS</b>		
Bank Accounts	2 737 913	17 302 108
Call Investments and Other Deposits	33 901 645	21 138 968
Cash Floats	7 400	6 900
<b>Total</b>	<b>36 646 958</b>	<b>38 447 976</b>
Due to the short term nature of cash deposits, all balances included above is in line with their fair value		
Cash and Cash Equivalents are held to support the following commitments:		
Unspent Conditional Grants	7 484 410	4 331 567
Unspent Annuity Loans	4 911 913	4 911 913
Roads Maintenance Services Payable	5 666 345	6 593 867
Rehabilitation Costs	966 617	125 982
Working Capital Requirements	17 617 673	22 484 647
<b>Total</b>	<b>36 646 958</b>	<b>38 447 976</b>

The prior year figure relating to Rehabilitation cost were restated as it incorrectly included of R 18 897 relating to VAT.

The Committed Rehabilitation Costs amounting to R 966 617 are ring fenced in a separate investment account and can only be utilised against future rehabilitation cost incurred by the municipality on landfill sites. The current balance only relates to the rehabilitation of Cell 4, but the commitment could be extended to further cells that are yet to be developed.

Refer to note 18 for more detail relating to provisions raised in relation to the rehabilitation of Landfill Sites

### Primary Bank Account

Bredasdorp Nedbank- Account number 11 7652 44 96

Bank Statement Balance - Opening Balance	13 758 526	-
Bank Statement Balance - Closing Balance	1 024 408	13 758 526

### Other Bank Accounts

Bredasdorp ABSA - Account number 17 8000 00 62

Bank Statement Balance - Opening Balance	3 572 481	8 844 306
Bank Statement Balance - Closing Balance	1 728 837	3 572 481

The municipality does not have an overdraft facility

### Cashbook Balances (All Current Accounts)

Cashbook Balance - Opening Balance	17 302 108	8 840 885
Cashbook Balance - Closing Balance	2 737 913	17 302 108

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 2 CASH AND CASH EQUIVALENTS (CONTINUED)

#### Call and Notice Deposits

Call and Notice Deposits consist out of the following accounts:

ABSA Depositor Plus - Account Number 92 8755 1045	16 469 843	10 604 483
ABSA Depositor Plus - Account Number 92 8755 0641	966 617	2 434
Nedbank Call Account - Account Number 03 788 171 4042	16 465 184	10 532 051
<b>Total</b>	<b>33 901 645</b>	<b>21 138 968</b>

Interest of between 2.95 % and 3.75 % (2019 - 6.50 % and 6.55%) are attracted by these short term deposits.

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2020	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>8 954 631</b>	<b>320 338</b>	<b>8 634 293</b>
Electricity	430	210	220
Water	2 320	105	2 215
Housing rental	38 215	19 107	19 108
Sundry Debtors	8 913 666	300 916	8 612 750
Local Municipalities - Fire Services	4 559 800	-	4 559 800
Local Municipalities - Waste Disposal	2 320 282	-	2 320 282
Other	2 033 584	300 916	1 732 667
<b>Other Receivables</b>	<b>8 277 376</b>	<b>1 742 833</b>	<b>6 534 543</b>
Accrued Interest	134 872	-	134 872
Payments in Advance	843 932	-	843 932
Department of Transport and Public Works	7 298 572	1 742 833	5 555 739
<b>Total</b>	<b>17 232 007</b>	<b>2 063 171</b>	<b>15 168 836</b>

30 JUNE 2019	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>4 121 346</b>	<b>175 449</b>	<b>3 945 897</b>
Electricity	599	262	337
Water	1 385	21	1 364
Housing rental	46 797	21 208	25 589
Sundry Debtors	4 072 565	153 958	3 918 607
Local Municipalities - Fire Services	2 019 000	-	2 019 000
Local Municipalities - Waste Disposal	579 625	-	579 625
Other	1 473 940	153 958	1 319 982

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2019	Gross Balance	Allowance for impairment	Net Receivable
<b>Other Receivables</b>	<b>5 805 096</b>	<b>2 005 226</b>	<b>3 799 870</b>
Accrued Interest	115 533	-	115 533
Payments in Advance	856 104	-	856 104
Department of Transport and Public Works	4 833 459	2 005 226	2 828 233
<b>Total</b>	<b>9 926 442</b>	<b>2 180 675</b>	<b>7 745 767</b>
<b>Balance Previously Reported</b>	<b>4 872 074</b>	<b>175 449</b>	<b>4 696 625</b>
Prior Period Adjustment - Refer to note 39.01	5 054 368	2 005 226	3 049 142
<b>Restated Balance on 30 June 2019</b>	<b>9 926 442</b>	<b>2 180 675</b>	<b>7 745 767</b>
		<b>2020</b>	<b>2019</b>
<b>Ageing of service receivables:</b>		<b>R</b>	<b>R</b>
<b>Electricity Ageing</b>			
Current (0 - 30 days)		-	76
Past Due (31 - 60 Days)		-	-
Past Due (61 - 90 Days)		2	-
Past Due (90 Days +)		428	523
<b>Total</b>		<b>430</b>	<b>599</b>
<b>Water Ageing</b>			
Current (0 - 30 days)		677	869
Past Due (31 - 60 Days)		614	319
Past Due (61 - 90 Days)		1 009	183
Past Due (90 Days +)		19	13
<b>Total</b>		<b>2 320</b>	<b>1 385</b>
<b>Housing Rental Ageing</b>			
Current (0 - 30 days)		-	-
Past Due (31 - 60 Days)		-	4 380
Past Due (61 - 90 Days)		-	-
Past Due (90 Days +)		38 215	42 417
<b>Total</b>		<b>38 215</b>	<b>46 797</b>
<b>Sundry Debtors Ageing</b>			
Current (0 - 30 days)		3 181 379	3 387 356
Past Due (31 - 60 Days)		2 766 630	277 801
Past Due (61 - 90 Days)		171 796	95 499
Past Due (90 Days +)		2 793 861	311 910
<b>Total</b>		<b>8 913 666</b>	<b>4 072 565</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>		
<b>Total Service Receivables Ageing</b>		
Current (0 - 30 days)	3 182 057	3 388 301
Past Due (31 - 60 Days)	2 767 244	282 500
Past Due (61 - 90 Days)	172 808	95 682
Past Due (90 Days +)	2 832 522	354 863
<b>Total</b>	<b>8 954 631</b>	<b>4 121 346</b>
<b>Reconciliation of Allowance for impairment</b>		
Balance at the beginning of the year	2 180 675	114 694
Contribution to the provision	144 889	2 065 981
Electricity	(52)	(2)
Water	84	21
Housing rental	(2 101)	11 294
Sundry Debtors	146 958	49 442
Department of Transport and Public Works	-	2 005 226
Reversal of Debt Impairment	(262 393)	-
Department of Transport and Public Works	(262 393)	-
Balance at the end of the year	<b>2 063 171</b>	<b>2 180 675</b>

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

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2020	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>12 928</b>	<b>4 984</b>	<b>7 945</b>
Legal Fees	12 928	4 984	7 945
<b>Other Receivables</b>	<b>421 568</b>	<b>-</b>	<b>421 568</b>
Eskom Deposits	197 936	-	197 936
Suspense Debtors	223 632	-	223 632
<b>Total</b>	<b>434 497</b>	<b>4 984</b>	<b>429 513</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2019	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	13 300	5 137	8 163
Legal Fees	13 300	5 137	8 163
Other Receivables	371 853	-	371 853
Eskom Deposits	194 263	-	194 263
Suspense Debtors	177 589	-	177 589
<b>Total</b>	<b>385 153</b>	<b>5 137</b>	<b>380 016</b>

Sundry Debtors were renamed to Eskom Deposits in the current year to better reflect the nature of the balance.

	2020 R	2019 R
<b>Ageing of service receivables:</b>		
<b>Legal Fees Ageing</b>		
Current (0 - 30 days)	2 449	682
Past Due (31 - 60 Days)	513	1 139
Past Due (61 - 90 Days)	-	-
Past Due (90 Days +)	9 966	11 479
<b>Total</b>	<b>12 928</b>	<b>13 300</b>

#### Reconciliation of Allowance for impairment

Balance at the beginning of the year	5 137	4 394
Contribution to the provision	(153)	743
Legal Fees	(153)	743
Balance at the end of the year	<b>4 984</b>	<b>5 137</b>

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>5 OPERATING LEASES</b>		
<b>5.1 Operating Lease Asset</b>	-	-
<p>The municipality will receive the following lease payments from contracts that have defined lease payments and terms.</p>		
Within 1 Year	10 710 870	9 570 153
Between 1 and 5 Years	41 515 879	36 328 098
Over 5 Years	4 099 954	10 075 049
<b>Total</b>	<b>56 326 703</b>	<b>55 973 300</b>

Leases includes the following 2 types of lease agreements:

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

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

The lease payments are in respect of properties being leased out over a period ranging up to 2029 (2019: 2029)

<b>5.2 Operating Lease Liability</b>	-	-
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The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.

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

Within 1 Year	574 238	169 932
Between 1 and 5 Years	682 742	130 565
<b>Total</b>	<b>1 256 980</b>	<b>300 497</b>

The operating lease liability relates to the following lease arrangements:





# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 5 OPERATING LEASES (CONTINUED)

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

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

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

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

	2020 R	2019 R
<b>6 INVENTORY</b>		
Consumables	700 111	788 194
Printing & Stationary	35 738	17 882
Fuel & Oil	446 430	587 366
Spare Parts	33 015	50 234
Grader Blades	127 841	82 356
Cleaning Materials	23 582	28 890
Other	33 505	21 467
<b>Total</b>	<b>700 111</b>	<b>788 194</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>6 INVENTORY (CONTINUED)</b>		
Inventory is disclosed at the lower of cost or net realisable value.		
No inventory was pledged as security for liabilities.		
Inventory written off due to losses identified during the annual stores counts (including obsolete items).	24 281	47 685
Inventory recognised as an expense during the year.	10 081 142	11 935 714

### 7 INVESTMENT PROPERTY

Investment Property - Carrying Value	12 811 350	12 811 350
Balance Previously Reported		12 879 850
Prior Period Adjustment - Refer to note 39.03		(68 500)

The movement in Investment Property is reconciled as follows:

Investment Property - Opening Carrying Value	12 811 350	12 991 350
Cost	12 811 350	12 991 350
Disposals	-	(180 000)
Investment Property - Closing Carrying Value	12 811 350	12 811 350
Cost	12 811 350	12 811 350

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

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

No Rental revenue were earned from Investment Properties

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 8 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2020	Opening Balance				Cost				Accumulated Depreciation				Accumulated Impairment		Carrying Value	
	R	R	R	R	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance		Closing Balance
Land	4 999 177	-	-	-	-	-	-	4 999 177	-	-	-	-	-	-	-	4 999 177
Buildings	14 421 393	84 348	(18 106)	-	-	-	-	14 487 635	-	-	(1 878)	-	-	-	-	8 912 929
Capitalised Restoration Cost	8 711 338	-	(832 547)	-	-	-	-	7 878 790	-	-	-	-	-	1 571 406	1 571 406	396 374
Infrastructure	41 069 589	-	-	-	-	-	-	41 069 589	-	-	-	-	-	-	-	31 818 288
Community Assets	14 800	-	-	-	-	-	14 800	-	-	-	-	-	-	-	-	11 735
Leased Assets	2 074 306	-	-	-	-	-	2 074 306	-	-	-	-	-	-	-	-	68 023
Computer Equipment	2 585 070	384 234	(240 994)	-	-	-	2 728 310	-	-	(195 456)	-	-	-	-	-	1 435 657
Furniture and fittings	4 188 202	71 702	(440 594)	-	-	-	3 819 310	-	-	(280 560)	-	-	-	-	-	1 569 855
Machinery and equipment	3 505 203	1 460 189	(723 709)	-	-	-	4 241 683	-	-	(567 864)	-	-	-	-	-	3 109 317
Office equipment	1 372 353	238 121	(127 804)	-	-	-	1 482 670	-	-	(81 703)	-	-	-	-	-	812 421
Vehicles	17 858 269	761 963	(121 061)	-	-	-	18 499 170	-	-	(1 186 868)	-	-	-	-	-	12 776 898
<b>Total</b>	<b>100 799 699</b>	<b>3 000 556</b>	<b>(2 504 814)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101 295 440</b>	<b>-</b>	<b>-</b>	<b>(1 193 172)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 571 406</b>	<b>1 571 406</b>	<b>65 910 673</b>

30 JUNE 2019	Opening Balance				Cost				Accumulated Depreciation				Accumulated Impairment		Carrying Value	
	R	R	R	R	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance		Closing Balance
Land	4 999 177	-	-	-	-	-	-	4 999 177	-	-	-	-	-	-	-	4 999 177
Buildings	16 841 746	488 933	(2 909 286)	-	-	-	-	14 421 393	-	-	(1 395 039)	-	-	-	-	9 034 225
Capitalised Restoration Cost	7 124 582	1 586 756	-	-	-	-	-	8 711 338	-	-	-	-	-	1 571 406	1 571 406	1 536 440
Infrastructure	25 561 697	22 421 199	(6 913 307)	-	-	-	-	41 069 589	-	-	(5 892 897)	-	-	-	-	32 774 318
Community Assets	14 800	-	-	-	-	-	14 800	-	-	-	-	-	-	-	-	12 229
Leased Assets	4 426 573	-	(1 361 840)	-	-	-	2 074 306	-	-	(600 807)	-	-	-	-	-	141 799
Computer Equipment	2 488 347	226 027	(129 304)	-	-	-	2 585 070	-	-	(121 756)	-	-	-	-	-	1 319 491
Furniture and fittings	4 094 551	261 938	(168 287)	-	-	-	4 188 202	-	-	(135 779)	-	-	-	-	-	1 891 328
Machinery and equipment	3 064 902	493 341	(53 040)	-	-	-	3 505 203	-	-	(37 671)	-	-	-	-	-	2 096 986
Office equipment	1 279 507	149 191	(56 346)	-	-	-	1 372 353	-	-	(15 187)	-	-	-	-	-	718 505
Vehicles	15 363 580	1 707 282	(203 022)	-	-	-	17 858 269	-	-	(43 544)	-	-	-	-	-	13 257 153
<b>Total</b>	<b>85 259 462</b>	<b>27 334 669</b>	<b>(11 794 432)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100 799 699</b>	<b>-</b>	<b>-</b>	<b>(8 242 681)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 571 406</b>	<b>1 571 406</b>	<b>67 781 649</b>

Balance Previously Reported	85 584 242	36 981 856	(11 960 871)	-	-	-	110 605 227	-	-	(8 355 584)	-	-	-	75 640	75 640	75 597 707
Prior Period Adjustment	(324 780)	(9 647 187)	166 439	-	-	-	(9 805 528)	-	-	112 903	-	-	-	1 495 765	1 495 765	(7 816 058)
<b>Restated Balance on 30 June 2019</b>	<b>85 259 462</b>	<b>27 334 669</b>	<b>(11 794 432)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100 799 699</b>	<b>-</b>	<b>-</b>	<b>(8 242 681)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 571 406</b>	<b>1 571 406</b>	<b>67 781 649</b>

The 2018/19 balances were restated - Refer to note 39.04



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>8 PROPERTY PLANT AND EQUIPMENT (CONTINUED)</b>		
<p>There are no property plant and equipment whose title is restricted.</p> <p>Leases assets are pledged as security for outstanding finance lease liabilities included in note 11.</p> <p>The following Work in Progress balances were included in closing balances. No depreciation charges are recognised against these balances:</p>		
Land and Buildings	313 006	313 006
<b>Total</b>	<b>313 006</b>	<b>313 006</b>
<p>The work in progress balance on 30 June 2019 and 30 June 2020 (land and buildings) relates to the construction of a new fire station. The construction of the project was delayed beyond 30 June 2020 due to the inability of the municipality to attract proposals from prospective contractors that are within the proposed budget limits approved by Council.</p> <p>The following borrowing cost were capitalised in terms of GRAP 5 and included in the closing balance of the following asset classes. No borrowing cost were capitalised during 2019/20:</p>		
Infrastructure	1 176 716	1 176 716
<b>Total</b>	<b>1 176 716</b>	<b>1 176 716</b>
<p>The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Overberg District Municipality.</p> <p>Infrastructure assets can broadly be classified in the following 2 categories:</p>		
Service Delivery Infrastructure Assets at Resorts	4 900 510	5 190 563
Infrastructure at Karwyderskraal Solid Waste Facility	26 917 777	27 583 755
<b>Total Carrying Value</b>	<b>31 818 287</b>	<b>32 774 317</b>

Refer to note 38 for maintenance related expenditure incurred on property, plant and equipment.



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>9 INTANGIBLE ASSETS</b>		
Intangible Assets - Carrying Value	17 629	25 595
Balance Previously Reported		305 058
Prior Period Adjustment - Refer to note 39.05		(279 463)
The movement in intangible assets is reconciled as follows:		
<b>Opening Carrying Value</b>	25 595	345 198
Cost	89 538	587 009
Accumulated Amortisation	(63 942)	(241 811)
Disposals	-	(264 980)
Cost	-	(497 471)
Accumulated Amortisation	-	232 491
Amortisation for the year	(7 966)	(54 622)
<b>Closing Carrying Value</b>	17 629	25 595
Cost	89 538	89 538
Accumulated Amortisation	(71 908)	(63 942)

Intangible Assets consist only out of software.

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>10 EMPLOYEE BENEFITS</b>		
Employee Benefits (Roads)	21 134 000	23 599 113
Balance Previously Reported		28 432 572
Prior Period Adjustment - Refer to note 39.05		(4 833 459)
Less Current Portion	(2 146 000)	(2 008 685)
Balance Previously Reported		-
Prior Period Adjustment - Refer to note 39.02		(2 008 685)
<b>Total</b>	<b>18 988 000</b>	<b>21 590 428</b>

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

Opening Balance	23 599 113	25 079 513
Contribution during the year	2 431 434	2 921 770
Current Service Cost	396 085	623 053
Interest Cost	2 035 349	2 298 717
Claimable from Department of Roads	(1 774 637)	(1 848 874)
Actuarial Gain	(3 121 910)	(2 553 296)
<b>Total</b>	<b>21 134 000</b>	<b>23 599 113</b>

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>11 LONG-TERM LIABILITIES</b>		
Annuity Loans	25 160 916	27 878 644
Finance Lease Liabilities	-	154 484
<b>Sub-Total</b>	<b>25 160 916</b>	<b>28 033 128</b>
Less: Current portion of Long-term Liabilities	2 949 453	2 872 212
Annuity Loans	2 949 453	2 717 728
Finance Lease Liabilities	-	154 484
<b>Total</b>	<b>22 211 463</b>	<b>25 160 916</b>

Long Term Liabilities were fully utilised to purchase property plant and equipment in accordance with the Municipal Finance Management Act. The following Loans were unspent on 30 June:

Opening Balance - Unspent Loans/(Unpaid Loans)	4 911 913	(1 164 403)
Assets purchased	-	(22 316 198)
Annuity Loans Raised	-	28 392 514
<b>Closing Balance - Unspent Loans</b>	<b>4 911 913</b>	<b>4 911 913</b>

### Annuity Loans

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

INCA	-	103 505
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Interest is calculated at an interest rate of 9.45% (2019 - 9.45%). The loan was fully redeemed on 31 December 2019. The liability was not secured.

Standard Bank	25 160 916	27 775 138
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Interest is calculated at an interest rate of 11.17% and the loan will be fully redeemed on 28 August 2026. The liability is not secured.

<b>25 160 916</b>	<b>27 878 644</b>
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Annuity loans are payable as follows:

Payable within one year	5 611 160	5 719 597
Payable within two to five years	22 444 642	22 444 642
Payable after five years	7 013 951	12 625 111
<b>Total amount payable</b>	<b>35 069 753</b>	<b>40 789 349</b>
<b>Less:</b> Outstanding Future Finance Charges	<b>(9 908 836)</b>	<b>(12 910 706)</b>
<b>Present value of annuity loans</b>	<b>25 160 916</b>	<b>27 878 644</b>



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

		2020	2019
		R	R
11	<b>LONG-TERM LIABILITIES (CONTINUED)</b>		

### Finance Lease Liabilities

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

Nr	Institution	Interest Rate	Lease Term
			1 September 2016 to 30 September 2019
1	Nashua (Copiers)	10.50%	

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

Assets and liabilities associated with finance lease contracts:

Nr	Carrying Value of Asset		Carrying Value of Liability	
	2020	2019	2020	2019
	R	R	R	R
1	68 023	141 799	-	154 484
	<u>68 023</u>	<u>141 799</u>	<u>-</u>	<u>154 484</u>

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

The municipality did not treat the accounting for cellular phones and tablets (leased contracts) correctly for the period ending 30 June 2019 and 30 June 2020 as per GRAP standards 13 and 17. The effect is not considered material for the entity.





# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>11 LONG-TERM LIABILITIES (CONTINUED)</b>		
Finance Lease Liabilities are payable as follows:		
Payable within one year	-	156 800
<b>Total amount payable</b>	-	<b>156 800</b>
<b>Less:</b> Outstanding Future Finance Charges	-	(2 316)
<b>Present value of finance lease liabilities</b>	-	<b>154 484</b>

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

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

<b>13 PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	2 829 041	3 220 513
Balance Previously Reported	-	3 115 772
Prior Period Adjustment - Refer to note 39.06	-	104 741
Payments received in advance	776 840	509 484
Retentions and Guarantees	-	990 823
Rent Deposits	94 412	76 669
Suspense Accounts	598 550	410 888
Roads Maintenance Services	5 666 345	6 593 867
<b>Total</b>	<b>9 965 187</b>	<b>11 802 243</b>

Payables are being recognised net of any discounts received

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

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

The Retentions and Guarantees relates to the following:

Retention relating to the upgrading of Karwyderskraal Cell 4	-	990 823
<b>Total</b>	-	<b>990 823</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>13 PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>		
<p>The significant roads maintenance payable on 30 June 2019 and 30 June 2020 can mainly be attributed to substantial advances received from the Provincial Roads Department before year-end.</p> <p>Refer to note 21 for more detail relating to the Roads Maintenance Payable</p>		
<b>14 UNSPENT CONDITIONAL GOVERNMENT GRANTS</b>		
National Government	5 050 001	1 115 381
Provincial Government	2 434 409	3 216 186
<b>Total</b>	<b>7 484 410</b>	<b>4 331 567</b>

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

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

<b>15 TAXES</b>		
VAT Payable	2 634 303	1 059 747
Balance Previously Reported		852 032
Prior Period Adjustment - Refer to note 39.07		207 715

The VAT Payable balance is made up as follows:

VAT Output in Suspense	1 799 451	1 312 871
VAT Input in Suspense	(263 859)	(119 612)
VAT Payable to/(Refundable from) SARS	1 098 711	(133 512)
<b>Total</b>	<b>2 634 303</b>	<b>1 059 747</b>

VAT is accounted for on the payment basis.

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

16	CURRENT EMPLOYEE BENEFITS	2020 R	2019 R
	Post Retirement Medical Benefits	3 363 000	3 057 496
	Long Service Awards	620 000	783 903
	Bonuses	2 698 490	2 369 870
	Staff Leave	7 344 172	5 909 612
	<b>Total</b>	<b>14 025 662</b>	<b>12 120 881</b>

The movement in current employee benefits are reconciled as follows:

### Bonuses

Opening Balance	2 369 870	2 060 618
Contribution during the year	5 419 840	4 954 974
Payments made	(5 091 220)	(4 645 722)
<b>Closing Balance</b>	<b>2 698 490</b>	<b>2 369 870</b>

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

### Staff Leave

Opening Balance	5 909 612	5 009 767
Contribution during the year	2 033 289	1 519 569
Payments made	(598 729)	(619 723)
<b>Closing Balance</b>	<b>7 344 172</b>	<b>5 909 612</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or in the event of encashment. There is no possibility of reimbursement.



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>17 EMPLOYEE BENEFITS</b>		
Post Retirement Medical Benefits	44 518 000	49 440 121
Long Service Awards	6 087 000	5 879 921
<b>Sub-Total</b>	<b>50 605 000</b>	<b>55 320 042</b>
Less: Current portion of Employee Benefits	3 983 000	3 841 399
Post Retirement Medical Benefits	3 363 000	3 057 496
Long Service Awards	620 000	783 903
<b>Total</b>	<b>46 622 000</b>	<b>51 478 643</b>

### 17.1 Post Retirement Medical Benefits

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

Opening Balance	49 440 121	56 007 663
Contribution during the year	5 188 280	6 820 215
Current Service Cost	828 986	1 564 033
Interest Cost	4 359 294	5 256 182
Payments made	(2 908 556)	(2 805 456)
Actuarial Gain	(7 201 845)	(10 582 301)
<b>Total balance at year-end</b>	<b>44 518 000</b>	<b>49 440 121</b>
Less Current Portion	3 363 000	3 057 496
<b>Total</b>	<b>41 155 000</b>	<b>46 382 625</b>

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

	2020	2019
In-service members	94	123
Continuation members	74	75
<b>Total</b>	<b>168</b>	<b>198</b>

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 17 EMPLOYEE BENEFITS (CONTINUED)

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

	2018 R	2017 R	2016 R
In-service members	23 090 073	22 180 958	22 975 228
Continuation members	32 917 590	35 403 817	32 481 132
<b>Total Unfunded Liability</b>	<b>56 007 663</b>	<b>57 584 775</b>	<b>55 456 360</b>

Experience adjustments were calculated as follows:

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

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

	2018 R m	2017 R m	2016 R m
Liabilities: (Gain)/Loss	(2.001)	3 802	(3.887)
Assets: Gain/(Loss)	-	-	-

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

Bonitas  
LA Health  
Samwumed  
Keyhealth

Key Actuarial Assumptions used are as follows:

#### Interest Rates

	2020	2019
Discount rate	12.01%	9.09%
Health Care Cost Inflation Rate	8.46%	6.62%
Net Effective Discount Rate	3.28%	2.32%

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 17 EMPLOYEE BENEFITS (CONTINUED)

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

#### Mortality Rates

The PA 90 ultimate table was used by the actuaries.

#### Normal and Average Retirement Age

It has been assumed that in-service members will retire at age 62 for all employees (2019 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.

#### Last Valuation

The last valuation was performed on 30 June 2020.

#### Actuarial Valuation Method

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

The amounts recognised in the Statement of Financial Performance are:

Employee Related Cost - Current Service Cost	828 986	1 564 033
Finance Charges - Interest Cost	4 359 294	5 256 182
Actuarial Gain	(7 201 845)	(10 582 301)
<b>Net amount charged to Statement of Financial Performance</b>	<b>(2 013 565)</b>	<b>(3 762 086)</b>

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

Assumption	Total liability (Rm)
Liability	44.518
Medical Aid Inflation	
+ 1%	49.353
- 1%	40.404
Mortality Rate	
+ 20%	41.353
- 20 %	48.453



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>17 EMPLOYEE BENEFITS (CONTINUED)</b>		
<b>Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)</b>		
	<b>Current Service Cost (Rm)</b>	<b>Interest Cost (Rm)</b>
<b>Assumption</b>		
Future Cost	0.738	5.196
Medical Aid Inflation		
+ 1%	0.898	5.786
- 1%	0.611	4.694
Mortality Rate		
+ 20%	0.683	4.813
- 20 %	0.803	5.673

### 17.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	5 879 921	5 346 681
Contribution during the year	925 383	815 211
Current Service Cost	478 588	380 097
Interest Cost	446 795	435 114
Payments made	(676 077)	(704 037)
Actuarial (Gain)/Loss	(42 227)	422 066
<b>Total balance at year-end</b>	<b>6 087 000</b>	<b>5 879 921</b>
Less Current Portion	620 000	783 903
<b>Total</b>	<b>5 467 000</b>	<b>5 096 018</b>

The following members are eligible for long service bonuses:

	2020	2019
In-service members	332	317

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

		2020	2019
		R	R
17	<b>EMPLOYEE BENEFITS (CONTINUED)</b>		
	The liability in respect of past service has been estimated to be as follows:		
		2020	2019
		R	R
	In-service members	6 087 000	5 879 921
	<b>Total Unfunded Liability</b>	<b>6 087 000</b>	<b>5 879 921</b>

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

		2018	2017	2016
		R	R	R
	In-service members	5 346 681	5 039 136	5 111 253
	<b>Total Unfunded Liability</b>	<b>5 346 681</b>	<b>5 039 136</b>	<b>5 111 253</b>

Experience adjustments were calculated as follows:

Liabilities: (Gain)/Loss	-	-	(49 680)
Assets: Gain/(Loss)	-	-	-

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

		2018	2017	2016
		R	R	R
	Liabilities: (Gain)/Loss	261 414	27 580	314 926
	Assets: Gain/(Loss)	-	-	-

Key Actuarial Assumptions used are as follows:

### Interest Rates

Discount rate	8.84%	8.13%
Normal Salary Increase Rate	5.33%	5.55%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.33%	2.44%

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

### Last Valuation

The last valuation was performed on 30 June 2020.



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Actuarial Valuation Method

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

#### Normal and Average Retirement Age

It has been assumed that in-service members will retire at age 62 for all employees (2019 - 62), which then implicitly allows for expected rates of early and ill-health retirement. Normal retirement is set at 65.

	2020 R	2019 R
<b>The amounts recognised in the Statement of Financial Performance are:</b>		
Employee Related Cost - Current Service Cost	478 588	380 097
Finance Charges - Interest Cost	446 795	435 114
Actuarial (Gain)/Loss	(42 227)	422 066
<b>Net amount charged to Statement of Financial Performance</b>	<b>883 156</b>	<b>1 237 277</b>

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

Assumption	Total liability (Rm)
Liability	6.087
Normal Salary Inflation	
+ 1%	6.519
- 1%	5.700
Withdrawal Rate	
+ 20%	5.853
- 20 %	6.345

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

Assumption	Current Service Cost (Rm)	Interest Cost (Rm)
Future Cost	0.506	0.526
Normal Salary Inflation		
+ 1%	0.556	0.567
- 1%	0.465	0.490
Withdrawal Rate		
+ 20%	0.472	0.505
- 20 %	0.546	0.551

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### 17.3 Other Pension Benefits

Defined Benefit Plans	2020 R	2019 R
Council contributes to the following defined benefit plans:		
LA Retirement Fund (former Cape Joint Pension Fund)	932 379	904 720
<p>The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2019 revealed that the fund is in a sound financial position with a funding level of 100.7% (30 June 2018 - 103.7%).</p>		
Consolidated Retirement Fund (former Cape Retirement Fund)	9 571 231	8 523 623
<p>The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2019 revealed that the fund is in a sound financial position with a funding level of 124.9%. (Previous valuation on 30 June 2017 - 127.3%)</p>		
<b>Total</b>	<b>10 503 609</b>	<b>9 428 343</b>

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

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



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

17

### EMPLOYEE BENEFITS (CONTINUED)

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

Defined Contribution Plans	2020 R	2019 R
Council contributes to the following defined contribution plans:		
Municipal Councillors Pension Fund	82 941	79 353
SAMWU National Provident Fund	1 121 300	1 230 270
<b>Total</b>	<b>1 204 240</b>	<b>1 309 623</b>

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

18

### NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites	2 600 416	4 493 797
Balance previously reported		30 489 802
Prior Period Adjustment - Refer to note 39.08		(25 996 004)

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

Opening Balance	4 493 797	2 815 960
Contribution during the year	(1 893 381)	1 677 838
Increase/(Decrease) in estimate	(2 297 823)	1 392 678
Interest Cost	404 442	285 160
<b>Total balance at year-end</b>	<b>2 600 416</b>	<b>4 493 797</b>
Less Current Portion	-	-
<b>Total</b>	<b>2 600 416</b>	<b>4 493 797</b>

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



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

		2020 R	2019 R
18	<b>NON-CURRENT PROVISIONS (CONTINUED)</b>		
The total obligation at year-end can be attributed to the following sites:			
<b>Site</b>	<b>Expected Decommissioning Date</b>		
Karwyderskraal - Cell 1 and 2	2081	1 007 130	1 721 806
Karwyderskraal - Cell 3	2081	534 159	921 384
Karwyderskraal - Cell 4	2081	919 779	1 584 180
<b>Sub-Total</b>		<b>2 461 068</b>	<b>4 227 370</b>
Post Monitoring and Inspection		139 348	266 427
<b>Total</b>		<b>2 600 416</b>	<b>4 493 797</b>

Time value of money (discounting) is considered to be material. The discount rate is the rate associated with a liability of a similar risk and maturity as the provision. Due to the long term nature of this provision, which is estimated to be settled in 2081, the Long-Term Government Bond Yield as published by the Reserve Bank is deemed to be both an appropriate assessment of current market rates as well as the timeframes linked to the expected cash flows associated with the liability. The discount rate used was stated at 10.00 % (2019 – 9.00%).

The decrease in liability can mainly be attributed to the increase in discount rate from 9% to 10%

Estimated area to be rehabilitated (m<sup>2</sup>)

- Cell 1 and 2	46 050	46 050
- Cell 3	23 600	23 600
- Cell 4	42 200	42 200

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

- Cell 1 and 2	278	270
- Cell 3	288	282
- Cell 4	277	271



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>18 NON-CURRENT PROVISIONS (CONTINUED)</b>		
Based on current cost of construction (ie before any discounting due to time value of money) at each reporting period, the following rehabilitation estimates could be attributed to each site:		
Karwyderskraal - Cell 1 and 2	12 807 675	12 418 485
Karwyderskraal - Cell 3	6 792 896	6 645 460
Karwyderskraal - Cell 4	11 696 835	11 425 857
<b>Total</b>	<b>31 297 406</b>	<b>30 489 802</b>
Environmental Specialists were utilised to determine the current cost of rehabilitation of landfill sites.		
The post monitoring and inspection cost is estimated to occur for a period of 30 year subsequent the decommissioning date of the facility. Karwyderskraal is expected to be decommissioned in 2081. The post monitoring and inspection cost is expected to be incurred over the period ranging from 2082 to 2111.		
<b>19 RESERVES</b>		
Accumulated Surplus	44 318 017	38 251 493
<b>Total</b>	<b>44 318 017</b>	<b>38 251 493</b>
<b>20 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Unconditional Grants - National Government	71 776 000	67 902 000
Equitable Share	71 776 000	67 902 000
Conditional Grants - National Government	2 300 201	4 021 165
Financial Management Grant (FMG)	1 000 000	1 000 000
Expanded Public Works Program (EPWP)	1 121 201	1 125 000
Rural Roads Asset Management System	-	1 896 165
Municipal Disaster Relief Grant	179 000	-
Conditional Grants - Provincial Government	1 614 639	2 801 063
Health Subsidy	159 169	161 969
Other Provincial Allocations	1 455 471	2 639 094
Conditional Grants - National Departmental Agencies	51 825	133 374
Education, Training and Development Practices SETA	51 825	133 374
<b>Total</b>	<b>75 742 665</b>	<b>74 857 602</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
Disclosed as:		
Revenue from Non-Exchange Transactions (Operating)	75 051 482	73 374 602
Revenue from Non-Exchange Transactions (Capital)	691 183	1 483 000
<b>Total</b>	<b>75 742 665</b>	<b>74 857 602</b>
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	71 776 000	67 902 000
Municipal Manager	257 308	-
Finance	2 428 988	5 668 633
Community Services	1 280 370	1 286 969
<b>Total</b>	<b>75 742 665</b>	<b>74 857 602</b>

The comparative disclosure per vote were restated as the disclosure were not aligned to the approved vote structure applicable during 2018/2019.

The movements per grant can be summarised as follows:

### 20.01 Equitable Share

Grants Received	71 776 000	67 902 000
Transferred to Revenue - Operating	(71 776 000)	(67 902 000)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

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

### 20.02 Financial Management Grant (FMG)

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

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>20.03 Expanded Public Works Program (EPWP)</b>		
Grants Received	1 243 000	1 125 000
Transferred to Revenue - Operating	(1 121 201)	(1 125 000)
<b>Closing Unspent Balance</b>	<b>121 799</b>	<b>-</b>

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

### 20.04 Rural Roads Asset Management System

Opening Unspent Balance	1 115 381	362 545
Grants Received	2 807 000	2 649 000
Transferred to Revenue - Operating	-	(1 896 165)
Returned to National Treasury	(1 115 381)	-
<b>Closing Unspent Balance</b>	<b>2 807 000</b>	<b>1 115 381</b>

The purpose of the grant is to assist rural district municipalities to set up rural road asset management systems (RRAMS), collect road data, traffic data and road classification in line with the Road Infrastructure Strategic Framework South African (RISFSA).

### 20.05 Municipal Disaster Relief Grant

Grants Received	179 000	-
Transferred to Revenue - Capital	(66 349)	-
Transferred to Revenue - Operating	(112 651)	-
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>

This grant was utilised for the purchase of personal protective equipment, decontamination hygiene packs and other materials in the fight against the COVID-19



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>20.05 Health Subsidy</b>		
Grants Received	159 169	161 969
Transferred to Revenue - Operating	(159 169)	(161 969)
<b>Closing Unspent Balance</b>	<b>-</b>	<b>-</b>
Health subsidies was used to fund expenditure incurred for continued benefits of primary health care personnel previously employed by the municipality.		
<b>20.06 Other Provincial Allocations and SETA</b>		
Opening Unspent Balance	3 216 187	1 826 653
Grants Received	2 905 651	5 497 345
Transferred to Revenue - Capital	(624 834)	(1 483 000)
Transferred to Revenue - Operating	(882 462)	(1 289 468)
Returned to Provincial Treasury	(58 931)	(1 335 343)
<b>Closing Unspent Balance</b>	<b>4 555 611</b>	<b>3 216 187</b>
Other Provincial Allocations includes grants such as:		
- Disaster and Risk Management		
- Provincial Finance Management Support Grant		
- SETA Training Fund		
- Fire Safety Plan		
- Human Relief Grant		
- Municipal Service Delivery and Capacity Building Grant		
- Human Capacity Building Grant		
Refer to Appendix D for more detail relating to Other Provincial Allocations		
<b>20.07 Total Grants</b>		
Opening Unspent Balance	4 331 567	2 189 198
Grants Received	80 069 820	78 335 314
Transferred to Revenue - Capital	(691 183)	(1 483 000)
Transferred to Revenue - Operating	(75 051 482)	(73 374 602)
Returned to National Treasury	(1 115 381)	-
Returned to Provincial Treasury	(58 931)	(1 335 343)
<b>Closing Unspent Balance</b>	<b>7 484 410</b>	<b>4 331 567</b>

The total grant summary were restated as it incorrectly included the unspent roads maintenance payable amounting to R 7 215 129. This correction only affect the disclosure above and does not impact on any other area in the financial statements.





# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
Unspent balance previously reported		11 546 696
Roads Maintenance unspent incorrectly included in disclosure (30 June 2017)		(7 215 129)
<b>Restated Closing Unspent Balance</b>		<u><u>4 331 567</u></u>
<b>21 ROADS MAINTENANCE SERVICES</b>		
Roads Maintenance Services	94 628 565	93 654 452
<b>Total</b>	<u><u>94 628 565</u></u>	<u><u>93 654 452</u></u>
<b>Details of roads maintenance services:</b>		
Payable at the beginning of the year	6 593 867	12 661 983
Funds Received	96 351 324	87 586 336
Transferred to Revenue - Operating	(94 628 565)	(93 654 452)
Funds returned to Department of Transport and Public Works	(2 650 281)	-
<b>Payable at the end of the year</b>	<u><u>5 666 345</u></u>	<u><u>6 593 867</u></u>
The roads funding received is utilised to upgrade and maintain the provincial roads network in the municipal area.		
<b>22 ACTUARIAL GAINS</b>		
Post Retirement Medical Benefits	7 201 845	10 582 301
Long Service Awards	42 227	-
<b>Total</b>	<u><u>7 244 072</u></u>	<u><u>10 582 301</u></u>
<b>23 SERVICE CHARGES</b>		
Landfill Revenue	11 467 850	2 102 464
<b>Total</b>	<u><u>11 467 850</u></u>	<u><u>2 102 464</u></u>

The Landfill Revenue raised relates to the Karwyderskraal dumping site that became operational after the completion of Cell 4 in April 2019 and was fully operational in the current financial year.



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>24 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Resorts	14 509 851	15 167 372
Equipment	37 300	9 093
Other	26 916	24 547
<b>Total</b>	<b>14 574 067</b>	<b>15 201 012</b>
<b>25 AGENCY SERVICES</b>		
Roads	10 127 284	9 214 868
<b>Total</b>	<b>10 127 284</b>	<b>9 214 868</b>
<p>The Roads agency fee relates to the roads function being performed by the municipality on behalf of the Western Cape Provincial Government.</p>		
<b>26 OTHER INCOME</b>		
Administration Fees	46 141	71 434
Breakages and Losses	331	352
Cash Surpluses	21 486	1 093
Entrance Fees	14 661	188 346
Fire Services	3 342 000	3 012 387
Inspection Fees	200 053	127 977
Scrap	2 267	1 522
Shared Services	148 864	383 493
Reduction in Rehabilitation Provision	1 465 276	194 078
Sundry Income	71 198	85 349
<b>Total</b>	<b>5 312 278</b>	<b>4 066 029</b>
<p>Sundry income represents a wide range of revenue items (such as payroll commission, tender deposits, copies and faxes) which is not considered material to warrant separate disclosure in the financial statements.</p>		
<b>27 REVERSAL OF DEBT IMPAIRMENT</b>		
Receivables from exchange transactions	262 393	-
<b>Total</b>	<b>262 393</b>	<b>-</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

28	EMPLOYEE RELATED COSTS	2020 R	2019 R
	Basic Salaries and Wages	70 087 367	64 174 726
	Bonus	5 419 840	4 954 974
	Performance Bonus	137 895	-
	Pension Fund Contributions	11 518 634	10 529 881
	Medical Aid Contributions	4 421 128	4 167 786
	Motor Vehicle Allowance	4 775 028	4 898 562
	Overtime	2 722 516	2 767 903
	UIF Contributions	565 144	525 019
	Cellphone Allowance	423 386	434 666
	Housing Allowances	741 847	599 396
	Standby Allowance	2 991 267	2 662 358
	Group Life Insurance	1 532 286	1 389 746
	Bargaining Council Levy	38 473	113 177
	Workmen's Compensation Contributions	550 173	513 329
	Leave Contributions	2 033 289	1 519 569
	Long service awards	478 588	380 097
	Post Retirement Medical Benefits	828 986	1 564 033
	<b>Total</b>	<b>109 265 846</b>	<b>101 195 223</b>

### Remuneration of Key Personnel

Key personnel are appointed on fixed term contracts.

#### Remuneration of the Municipal Manager - D P Beretti

Basic Salary	1 454 597	1 574 063
Pension and UIF Contributions	1 785	1 785
Motor Vehicle Allowance	186 230	191 795
Housing Allowance	4 851	3 084
Cellphone Allowance	18 000	18 000
<b>Total</b>	<b>1 665 463</b>	<b>1 788 727</b>

#### Remuneration of the Chief Financial Officer - CF Hoffmann

Basic Salary	883 669	781 107
Performance Bonus	55 842	-
Pension and UIF Contributions	1 785	1 636
Motor Vehicle Allowance	75 776	62 937
Housing Allowance	2 052	569
Cellphone Allowance	5 779	5 270
Other benefits and allowances	19 976	8 238
<b>Total</b>	<b>1 044 880</b>	<b>859 757</b>



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>28 EMPLOYEE RELATED COSTS (CONTINUED)</b>		
<b>Remuneration of the Director Community Services - PA Olivier</b>		
Basic Salary	814 163	780 819
Performance Bonus	82 053	-
Pension and UIF Contributions	136 353	130 845
Motor Vehicle Allowance	89 519	90 226
Housing Allowance	954	1 459
Cellphone Allowance	18 000	18 000
<b>Total</b>	<b>1 141 043</b>	<b>1 021 349</b>

<b>29 REMUNERATION OF COUNCILLORS</b>		
Annual Remuneration	4 001 156	4 010 984
Pension Contributions	189 215	208 084
Motor Vehicle Allowance	1 607 468	1 645 369
Cellphone Allowance	399 600	399 600
<b>Total</b>	<b>6 197 440</b>	<b>6 264 038</b>

### In-kind Benefits

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

### Remuneration detail of Councillors

Mayor	AE Franken	1 112 837	1 031 601
Deputy Mayor	AG Klaas	776 362	764 221
Speaker	LM De Bruyn	782 943	765 979
Mayoral Committee	HD Coetzee	722 136	699 202
Mayoral Committee (Up to October 2019)	MJ Koch	153 658	421 362
Mayoral Committee	CM Lamprecht	400 931	395 830
Mayoral Committee	L Ntsabo	419 759	397 949
Direct	KJ Tiemie	333 292	322 215
Direct	SH Fourie	338 196	329 978
Direct	MH Witbooi	331 465	325 644
Direct	JC Gelderblom	333 238	327 690
Direct	VE Mentile	337 948	329 150
Part Time (Up to July 2019)	MD Opperman	385	15 563
Part Time (From June 2019)	S Fredericks	16 478	1 114
Part Time (From December 2019)	G Mangcu-Qotywe	17 900	-
Part Time	NM Sapepa	15 071	16 736
Part Time	EL Sauls	11 587	11 696



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

		2020 R	2019 R
<b>29</b>	<b>REMUNERATION OF COUNCILLORS (CONTINUED)</b>		
	Part Time (From August 2019) JR Orban	17 190	-
	Part Time EC Marthinus	11 496	11 897
	Part Time (Up to May 2019) IM Sileku	-	17 268
	Part Time R Brinkhuys	20 348	25 273
	Part Time UT Sipunzi	13 037	17 045
	Part Time C Wood	11 730	12 466
	Part Time CT Resandt	19 451	24 158
	<b>Total</b>	<b>6 197 440</b>	<b>6 264 038</b>
	Councillor MD Opperman passed away during the year while Councillor MJ Koch resigned.		
<b>30</b>	<b>DEBT IMPAIRMENT</b>		
	Receivables from exchange transactions	144 889	2 065 981
	Receivables from non-exchange transactions	(153)	743
	<b>Total</b>	<b>144 736</b>	<b>2 066 725</b>
<b>31</b>	<b>DEPRECIATION AND AMORTISATION</b>		
	Property, Plant and Equipment	3 559 889	3 503 579
	Intangible Assets	7 966	54 622
	<b>Total</b>	<b>3 567 855</b>	<b>3 558 201</b>
<b>32</b>	<b>ACTUARIAL LOSSES</b>		
	Long Service Awards	-	422 066
	<b>Total</b>	<b>-</b>	<b>422 066</b>



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

		2020	2019
		R	R
<b>33</b>	<b>FINANCE CHARGES</b>		
	Annuity Loans	3 001 869	2 064 696
	Finance Lease Liabilities	2 316	144 753
	Rehabilitation Provision - Landfill Sites	404 442	285 160
	Post Retirement Medical Benefits	4 359 294	5 256 182
	Long Service Awards	446 795	435 114
	<b>Sub-Total</b>	<b>8 214 716</b>	<b>8 185 905</b>
	Less Finance Charges Capitalised	-	(1 176 716)
	<b>Total</b>	<b>8 214 716</b>	<b>7 009 188</b>
<b>34</b>	<b>CONTRACTED SERVICES</b>		
	Accounting, Business and Financial Management	1 192 503	1 015 977
	Audit Committee	123 795	135 052
	Burial Services	56 175	23 974
	Contractors - Maintenance of Buildings and Facilities	691 865	677 746
	Contractors - Maintenance of Equipment	1 147 207	2 080 552
	Contractors - Maintenance of Unspecified Assets	4 889 609	2 952 317
	Fire Services	1 392 260	1 892 901
	Human Resources	184 688	283 978
	Laboratory Services	276 562	315 932
	Landfill site operational & maintenance	3 990 082	1 209 539
	Legal Cost	745 157	1 072 610
	Occupational Health and Safety	5 626	14 234
	Project Management	-	1 662 826
	Security Services	2 147 896	1 629 717
	Other	513 045	445 782
	<b>Total</b>	<b>17 356 471</b>	<b>15 413 137</b>
<b>35</b>	<b>TRANSFERS AND GRANTS</b>		
	Bursaries	-	360 000
	<b>Total</b>	<b>-</b>	<b>360 000</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

		2020	2019
		R	R
<b>36</b>	<b>OTHER EXPENDITURE</b>		
	Advertising, Publicity and Marketing	346 952	452 166
	Audit Fees	3 322 680	3 064 225
	Bank Charges, Facility and Card Fees	109 563	166 978
	Blades	521 917	599 787
	Catering and Refreshments	25 732	68 302
	Cleaning materials	30 065	52 082
	Entertainment - Mayor	-	28 696
	Equipment Rental	9 580 670	7 272 521
	Freight Services	122 022	105 806
	Fuel Cost	11 301 790	12 721 288
	Hire Charges	70 751	229 905
	Insurance	999 293	620 664
	Materials and Small Tools	27 231 517	32 416 243
	Management Fee	9 991	7 093
	Membership Fees	1 055 195	898 533
	Motor Vehicle Licence and Registrations	77 990	92 527
	Municipal services	6 509 700	5 763 075
	Office rental	429 924	267 883
	Oil and Tyres	2 974 175	2 424 799
	Printing, Publications and Stationery	642 760	516 597
	Safety clothes	343 496	492 303
	Skills development levy	865 101	947 434
	Software Licences	1 428 369	1 100 501
	Telephone and Postage	1 833 791	2 074 061
	Training and Workshops	59 365	198 789
	Travel and subsistence	146 138	262 269
	General Expenses	124 600	229 742
	<b>Total</b>	<b>70 163 544</b>	<b>73 074 269</b>
<b>37</b>	<b>LOSS ON DISPOSAL OF ASSETS</b>		
	Property Plant and Equipment	479 095	2 790 718
	Intangible Assets	-	264 980
	<b>Total</b>	<b>479 095</b>	<b>3 055 698</b>
<b>38</b>	<b>REPAIRS AND MAINTENANCE</b>		
	The following expenditure relating to repairs and maintenance projects were identified by the municipality:		
	Contracted Services	8 306 255	5 780 549
	Other Expenditure	244 062	178 954
	<b>Total</b>	<b>8 550 317</b>	<b>5 959 503</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>38 REPAIRS AND MAINTENANCE (CONTINUED)</b>		
In line with the requirements of GRAP 17, the repairs and maintenance related expenditure can be attributed to the following asset classes:		
Land and Buildings (Including Resorts)	4 748 613	1 399 381
Machinery and Equipment	1 326 594	2 049 953
Vehicles	2 475 110	2 510 169
<b>Total</b>	<u><u>8 550 317</u></u>	<u><u>5 959 503</u></u>
		<b>2019 R</b>
<b>39 PRIOR PERIOD ADJUSTMENTS</b>		
<b>39.01 RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
<b>Balance Previously Reported</b>		<b>4 696 625</b>
Output VAT previously not accounted for on fixed waste disposal fee during 2018/19 - Refer to note 39.07		220 909
Recognise current receivable relating to unclaimed reimbursable amounts previously not claimed from the Department of Transport and Public Works up to 30 June 2019 - Refer to note 39.05		4 833 459
Recognise debt impairment against Department of Transport and Public Works raised up to 30 June 2019- Refer to note 39.1		(2 005 226)
<b>Restated Balance on 30 June 2019</b>		<u><u>7 745 767</u></u>
<b>39.02 EMPLOYEE BENEFITS (CURRENT)</b>		
<b>Balance Previously Reported</b>		-
Recognise current portion of Employee Benefits previously not reported on 30 June 2019 - Refer to note 39.05		2 008 685
<b>Restated Balance on 30 June 2019</b>		<u><u>2 008 685</u></u>
<b>39.03 INVESTMENT PROPERTY</b>		
<b>Balance Previously Reported</b>		<b>12 879 850</b>
Remove duplicated properties from asset register - Refer to note 39.09		(68 500)
<b>Restated Balance on 30 June 2019</b>		<u><u>12 811 350</u></u>
<b>39.04 PROPERTY PLANT AND EQUIPMENT</b>		
<b>Balance Previously Reported</b>		<b>75 597 707</b>
Allocate restoration cost relating to Karwyderskraal landfill, land and buildings to separate line within disclosure note		-
Effect on Land and Buildings		(24 181 148)
Effect on Buildings		8 416 354
Effect on Land		4 899 177
Effect on Capitalised Restoration Cost		10 865 618



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2019 R
<b>39 PRIOR PERIOD ADJUSTMENTS (CONTINUED)</b>	
Time value of money previously not accounted for up to 30 June 2018 on Non-Current Provisions in line with the requirements of GRAP 19 - Refer to note 39.08	(346 230)
Effect on Capitalised Restoration Cost (Cost)	(2 907 782)
Effect on Capitalised Restoration Cost (Accumulated Depreciation)	4 057 317
Effect on Capitalised Restoration Cost (Accumulated Impairment)	(1 495 765)
Time value of money previously not accounted for during 2018/19 on Non-Current Provisions in line with the requirements of GRAP 19 - Refer to note 39.08	(9 008 800)
Effect on Capitalised Restoration Cost (Cost)	(9 673 039)
Effect on Capitalised Restoration Cost (Accumulated Depreciation)	664 240
Recognise assets previously not recognised on 30 June 2018 - Refer to note 39.09	967 635
Effect on Computer Equipment (Cost)	89 796
Effect on Furniture and Fittings (Cost)	482 277
Effect on Machinery and Equipment (Cost)	160 459
Effect on Office Equipment (Cost)	79 614
Effect on Land (Cost)	100 000
Effect on Buildings (Cost)	738 000
Effect on Computer Equipment (Accumulated Depreciation)	(68 038)
Effect on Furniture and Fittings (Accumulated Depreciation)	(275 150)
Effect on Machinery and Equipment (Accumulated Depreciation)	(120 287)
Effect on Office Equipment (Accumulated Depreciation)	(56 676)
Effect on Buildings (Accumulated Depreciation)	(162 360)
Correct assets incorrectly disposed of during years up to 30 June 2018 - Refer to note 39.09	44 889
Effect on Computer Equipment (Cost)	20 310
Effect on Furniture and Fittings (Cost)	52 532
Effect on Machinery and Equipment (Cost)	17 318
Effect on Office Equipment (Cost)	23 572
Effect on Computer Equipment (Accumulated Depreciation)	(12 096)
Effect on Furniture and Fittings (Accumulated Depreciation)	(32 245)
Effect on Machinery and Equipment (Accumulated Depreciation)	(10 149)
Effect on Office Equipment (Accumulated Depreciation)	(14 355)
Correct assets incorrectly disposed of during 2018/19 - Refer to note 39.1	48 233
Effect on Computer Equipment (Cost)	19 166
Effect on Furniture and Fittings (Cost)	77 068
Effect on Machinery and Equipment (Cost)	66 667
Effect on Office Equipment (Cost)	8 337
Effect on Computer Equipment (Accumulated Depreciation)	(14 473)
Effect on Furniture and Fittings (Accumulated Depreciation)	(51 237)
Effect on Machinery and Equipment (Accumulated Depreciation)	(43 437)
Effect on Office Equipment (Accumulated Depreciation)	(6 264)

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2019 R
<b>39 PRIOR PERIOD ADJUSTMENTS (CONTINUED)</b>	
Effect on Computer Equipment (Depreciation)	(1 205)
Effect on Furniture and Fittings (Depreciation)	(3 700)
Effect on Machinery and Equipment (Depreciation)	(1 326)
Effect on Office Equipment (Depreciation)	(1 364)
Remove assets incorrectly included in asset register on 30 June 2018 - Refer to note 39.09	(40 447)
Effect on Furniture and Fittings (Cost)	(19 214)
Effect on Office Equipment (Cost)	(25 554)
Effect on Furniture and Fittings (Accumulated Depreciation)	1 760
Effect on Office Equipment (Accumulated Depreciation)	2 562
Recognise donated fire truck previously not recorded during 2016/17 - Refer to note 39.09	896 558
Effect on Vehicles (Cost)	932 790
Effect on Vehicles (Accumulated Depreciation)	(36 232)
Correction of estimated useful lives and residual values attached to vehicles	(244 195)
Effect on Vehicles (Accumulated Depreciation) - Refer to note 39.09	(156 183)
Effect on Vehicles (Depreciation) - Refer to note 39.1	(88 011)
Correction of Depreciation Recognised during 2018/19 due to assets incorrectly excluded/included as well as corrections on Residual Values/Useful lives on 30 June 2018 - Refer to 39.1	(91 634)
Effect on Buildings (Depreciation)	(14 760)
Effect on Computer Equipment (Depreciation)	(6 123)
Effect on Furniture and Fittings (Depreciation)	(23 941)
Effect on Machinery and Equipment (Depreciation)	(8 673)
Effect on Office Equipment (Depreciation)	(2 588)
Effect on Vehicles (Depreciation)	(35 550)
Disposal of Infrastructure and Community Assets incorrectly included in asset register up to 30 June 2019	(67 919)
Effect on Infrastructure (Cost) - Refer to note 39.09	(101 423)
Effect on Infrastructure (Cost Disposals) - Refer to note 39.1	(4 799)
Effect on Infrastructure (Accumulated Depreciation) - Refer to note 39.09	47 851
Effect on Infrastructure (Depreciation) - Refer to note 39.1	3 748
Effect on Infrastructure (Depreciation Disposal) - Refer to note 39.1	2 507
Effect on Community Assets (Cost) - Refer to note 39.09	(31 310)
Effect on Community Assets (Accumulated Depreciation) - Refer to note 39.09	15 194
Effect on Community Assets (Depreciation) - Refer to note 39.1	313

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

39

### PRIOR PERIOD ADJUSTMENTS (CONTINUED)

2019  
R

Correction of asset classifications on 30 June 2018

Effect on Buildings (Cost)	240 509
Effect on Computer Equipment (Cost)	(33 028)
Effect on Furniture and Fittings (Cost)	612 760
Effect on Machinery and Equipment (Cost)	33 970
Effect on Office Equipment (Cost)	(854 211)
Effect on Buildings (Accumulated Depreciation)	(170 167)
Effect on Computer Equipment (Accumulated Depreciation)	7 008
Effect on Furniture and Fittings (Accumulated Depreciation)	(325 518)
Effect on Machinery and Equipment (Accumulated Depreciation)	(10 561)
Effect on Office Equipment (Accumulated Depreciation)	499 237

Correction of asset classifications during 2018/19

Effect on Furniture and Fittings (Cost Additions)	35 808
Effect on Office Equipment (Cost Additions)	(35 808)
Effect on Furniture and Fittings (Cost Disposals)	(17 673)
Effect on Machinery and Equipment (Cost Disposals)	(3 022)
Effect on Office Equipment (Cost Disposals)	20 696
Effect on Buildings (Depreciation)	(13 350)
Effect on Computer Equipment (Depreciation)	3 238
Effect on Furniture and Fittings (Depreciation)	(42 899)
Effect on Machinery and Equipment (Depreciation)	(4 813)
Effect on Office Equipment (Depreciation)	57 825
Effect on Furniture and Fittings (Depreciation Disposals)	35 585
Effect on Machinery and Equipment (Depreciation Disposals)	3 254
Effect on Office Equipment (Depreciation Disposals)	(38 839)

Account for Post Implementation and Monitoring cost not accounted for on 30 June 2018 - Refer to note 39.08

Effect on Capitalised Restoration Cost (Cost)	63 835
Effect on Capitalised Restoration Cost (Accumulated Depreciation)	(63 835)

Account for Post Implementation and Monitoring cost not accounted for during 2018/19 - Refer to note 39.08

Effect on Capitalised Restoration Cost (Cost)	25 852
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Restated Balance on 30 June 2019

**67 781 649**



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2019 R
<b>39 PRIOR PERIOD ADJUSTMENTS (CONTINUED)</b>	
<b>39.05 INTANGIBLE ASSETS</b>	
Balance Previously Reported	305 058
Correction of intangibles assets incorrectly not removed/disposed in periods up to 30 June 2018	(20 363)
Effect on Cost - Refer to note 39.09	(587 420)
Effect on Accumulated Amortisation - Refer to note 39.09	544 146
Effect on Amortisation during 2018/19 - Refer to note 39.1	22 910
Correction of intangibles assets incorrectly not disposed during 2018/19 during implementation of Office 365 - Refer to note 39.1	(259 100)
Effect on Cost	(497 471)
Effect on Accumulated Amortisation	232 491
Effect on Amortisation during 2018/19	5 880
<b>Restated Balance on 30 June 2019</b>	<b>25 595</b>
<b>39.05 EMPLOYEE BENEFITS (CURRENT)</b>	
Balance Previously Reported	28 432 572
Recognise current receivable relating to unclaimed reimbursable amounts previously not claimed from the Department of Transport and Public Works up to 30 June 2018 - Refer to note 39.01	(4 833 459)
Effect up to 30 June 2018	(3 353 059)
Effect during 2018/19	(1 480 400)
Recognise current portion of Employee Benefits previously not reported on 30 June 2019 - Refer to note 39.02	(2 008 685)
<b>Restated Balance on 30 June 2019</b>	<b>21 590 428</b>
<b>39.06 PAYABLES FROM EXCHANGE TRANSACTIONS</b>	
Balance Previously Reported	11 697 502
Account for unrecorded payables on 30 June 2019	104 741
Effect on Statement of Financial Performance - Refer to note 39.1	91 548
Effect on Taxes - Refer to note 39.07	13 193
<b>Restated Balance on 30 June 2019</b>	<b>11 802 243</b>
<b>39.07 TAXES</b>	
Balance Previously Reported	852 032
Account for unrecorded payables on 30 June 2019 - Refer to note 39.06	(13 193)
Output VAT previously not accounted for on fixed waste disposal fee during 2018/19 - Refer to note 39.01	220 909
<b>Restated Balance on 30 June 2019</b>	<b>1 059 747</b>

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2019 R
<b>39 PRIOR PERIOD ADJUSTMENTS (CONTINUED)</b>	
<b>39.08 NON-CURRENT PROVISIONS</b>	
<b>Balance Previously Reported</b>	<b>30 489 802</b>
Time value of money previously not accounted for up to 30 June 2018 on Non-Current Provisions in line with the requirements of GRAP 19	(18 734 762)
Effect on Property Plant and Equipment - Refer to note 39.04	(346 230)
Effect on Accumulated Surplus - Refer to note 39.09	(18 388 533)
Time value of money previously not accounted for during 2018/19 on Non-Current Provisions in line with the requirements of GRAP 19	(7 527 670)
Effect on Property Plant and Equipment - Refer to note 39.04	(9 008 800)
Effect on Statement of Financial Performance - Refer to note 39.1	1 481 130
Account for Post Implementation and Monitoring cost not accounted for on 30 June 2018	220 106
Effect on Property Plant and Equipment - Refer to note 39.04	-
Effect on Accumulated Surplus - Refer to note 39.09	220 106
Account for Post Implementation and Monitoring cost not accounted for during 2018/19	46 322
Effect on Property Plant and Equipment - Refer to note 39.04	25 852
Effect on Statement of Financial Performance - Refer to note 39.1	20 470
<b>Restated Balance on 30 June 2019</b>	<b>4 447 476</b>
<b>39.09 ACCUMULATED SURPLUS</b>	
<b>Balance Previously Reported</b>	<b>22 516 283</b>
Prior Period adjustments relating to 2018/19 - Refer to note 39.1	(3 964 206)
Prior Period Adjustments up to 30 June 2018	19 699 416
Remove duplicated properties from asset register - Refer to note 39.03	(68 500)
Time value of money previously not accounted for up to 30 June 2018 on Non-Current Provisions in line with the requirements of GRAP 19 - Refer to note 39.08	18 388 533
Account for Post Implementation and Monitoring cost not accounted for on 30 June 2018 - Refer to note 39.08	(220 106)
Recognise assets previously not recognised on 30 June 2018 - Refer to note 39.04	967 635
Recognise donated fire truck previously not recorded during 2016/17 - Refer to note 39.04	896 558
Correct assets incorrectly disposed of during years up to 30 June 2018 - Refer to note 39.04	44 889
Remove assets incorrectly included in asset register on 30 June 2018 - Refer to note 39.04	(40 447)



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

39	PRIOR PERIOD ADJUSTMENTS (CONTINUED)	2019 R
	Disposal of Infrastructure and Community Assets incorrectly included in asset register up to 30 June 2019 - Refer to note 39.04	(69 688)
	Correction of estimated useful lives and residual values attached to vehicles - Refer to note 39.04	(156 183)
	Correction of intangibles assets incorrectly not removed/disposed in periods up to 30 June 2018 - Refer to note 39.05	(43 274)
	<b>Restated Balance on 30 June 2019</b>	<b>38 251 493</b>
<b>39.1 STATEMENT OF FINANCIAL PERFORMANCE</b>		
	<b>Surplus Previously Reported</b>	<b>4 584 720</b>
	<b>Other Income</b>	<b>(4 237 943)</b>
	Time value of money previously not accounted for during 2018/19 on Non-Current Provisions in line with the requirements of GRAP 19 - Refer to note 39.08	(4 237 943)
	<b>Debt Impairment</b>	<b>(2 005 226)</b>
	Recognise debt impairment against Department of Transport and Public Works raised up to 30 June 2019- Refer to note 39.01	(2 005 226)
	<b>Depreciation and Amortisation</b>	<b>509 851</b>
	Time value of money previously not accounted for during 2018/19 on Non-Current Provisions in line with the requirements of GRAP 19 - Refer to note 39.08	664 240
	Correction of Depreciation Recognised during 2018/19 due to assets incorrectly excluded/included on 30 June 2018 - Refer to 39.04	(91 634)
	Disposal of Infrastructure and Community Assets incorrectly included in asset register up to 30 June 2019 - Refer to note 39.04	4 061
	Correction of estimated useful lives and residual values attached to vehicles - Refer to note 39.04	(88 011)
	Correct assets incorrectly disposed of during 2018/19 - Refer to note 39.04	(7 595)
	Correction of intangibles assets incorrectly not removed/disposed in periods up to 30 June 2018 (Amortisation) - Refer to note 39.05	22 910
	Correction of intangibles assets incorrectly not disposed during 2018/19 during implementation of Office 365 - Refer to note 39.05	5 880
	<b>Finance Charges</b>	<b>2 072 103</b>
	Time value of money previously not accounted for during 2018/19 on Non-Current Provisions in line with the requirements of GRAP 19 - Refer to note 39.08	2 092 573
	Account for Post Implementation and Monitoring cost not accounted for during 2018/19 - Refer to note 39.08	(20 470)
	<b>Contracted Services</b>	<b>99 149</b>
	Account for unrecorded payables on 30 June 2019 - Refer to note 39.06	(90 485)
	Software licenses incorrectly allocated	189 635

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2019 R
<b>39 PRIOR PERIOD ADJUSTMENTS (CONTINUED)</b>	
<b>Other Expenditure</b>	<b>(190 697)</b>
Account for unrecorded payables on 30 June 2019 - Refer to note 39.06	(1 062)
Software licenses incorrectly allocated	(189 635)
<b>Loss on Disposal of Assets</b>	<b>(211 444)</b>
Disposal of Infrastructure and Community Assets incorrectly included in asset register up to 30 June 2019 - Refer to note 39.04	(2 292)
Correct assets incorrectly disposed of during 2018/19 - Refer to note 39.04	55 827
Correction of intangibles assets incorrectly not disposed during 2018/19 during implementation of Office 365 - Refer to note 39.05	(264 980)
<b>Restated Surplus on 30 June 2019</b>	<b>620 515</b>



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>40 NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		
Net Surplus for the year	6 066 524	620 515
Adjusted for:		
Non-Cash Revenue	(8 971 741)	(11 658 697)
Actuarial Gains	(7 244 072)	(10 582 301)
Reduction in Landfill Site Provision	(1 465 276)	(194 078)
Reversal of Debt Impairment	(262 393)	-
Gain on disposal of Investment Property	-	(882 318)
Non-Cash Expenditure	9 426 497	13 950 114
Debt Impairment	144 736	2 066 725
Depreciation and Amortisation	3 567 855	3 558 201
Actuarial losses	-	422 066
Finance Charges	5 210 531	4 799 739
Stock Adjustments	24 281	47 685
Loss on disposal of Assets	479 095	3 055 698
Contributions - Provisions and Employee Benefits	8 760 702	8 418 673
Post Retirement Medical Benefits	828 986	1 564 033
Long Service Awards	478 588	380 097
Bonuses	5 419 840	4 954 974
Staff Leave	2 033 289	1 519 569
Expenditure - Provisions and Employee Benefits	(9 274 581)	(8 774 938)
Post Retirement Medical Benefits	(2 908 556)	(2 805 456)
Long Service Awards	(676 077)	(704 037)
Bonuses	(5 091 220)	(4 645 722)
Staff Leave	(598 729)	(619 723)
Non-Cash Movement in Employee Benefit Receivable	2 465 113	1 480 400
Other adjustments	(1 174 312)	(1 335 343)
Grants Returned to Provincial Treasury	(1 115 381)	-
Grants Returned to Provincial Treasury	(58 931)	(1 335 343)
Operating Surplus before changes in working capital	7 298 202	2 700 724
Movement in working capital	(3 226 452)	(3 435 488)
Receivables from exchange and non-exchange transactions	(7 354 909)	(2 657 691)
Inventory	63 803	189 656
Payables from exchange transactions	(1 837 056)	(5 680 101)
Unspent Conditional Government Grants	4 327 155	3 477 711
Taxes	1 574 556	1 234 937
<b>Cash Flow from/(used) Operating Activities</b>	<b>4 071 750</b>	<b>(734 764)</b>



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020	2019
	R	R
<b>41 CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	2 737 913	17 302 108
Call and Notice Deposits	33 901 645	21 138 968
Cash Floats	7 400	6 900
<b>Total</b>	<b>36 646 958</b>	<b>38 447 976</b>

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

## 42 BUDGET COMPARISONS

### 42.1 COMPARABLE BASIS

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

The following items are affected by these classification differences:

#### Statement of financial position

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

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

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

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

#### Statement of financial performance

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



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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### BUDGET COMPARISONS (CONTINUED)

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income, Actuarial Gains, Reversal of Debt Impairment, Reversal of Impairments, Insurance Receipts and Roads Maintenance Services.

The prescribed formats of National Treasury also does not include a separate line item for "Gains on disposal of Investment Property". Accordingly, for budget purposes all gains on disposal relating to Property Plant and Equipment and Investment Property are budgeted for as part of "Gains on Disposal of PPE"

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure, Materials and Actuarial Losses and Stock Adjustments. The prescribed formats of National Treasury also does not include a separate line item for "Loss on disposal of Intangible Assets". Accordingly, for budget purposes all loss on disposal relating to Property Plant and Equipment and Intangible Assets are budgeted for as part of "Loss on Disposal of PPE"

#### Cash Flow Statement

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

The prescribed formats of National Treasury does not include a separate line item for "Proceeds on disposal of Investment Property". Accordingly, for budget purposes all proceeds on disposal relating to Property Plant and Equipment and Investment Property are budgeted for as part of "Proceeds on Disposal of PPE"

The budget statements does not provide for all the different receipt classifications as per cash flow statement. For this reason, the Roads Maintenance Services are included as part of Other Income, being the line items where the receipt was budgeted for in line with the prescribed National Treasury formats.

#### Budget Adjustments

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

### 42.2 MATERIAL VARIANCES

#### Statement of financial position - Budget Adjustments

None



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

42

### BUDGET COMPARISONS (CONTINUED)

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

Consumer Debtors	Increase due to unexpected increase in outstanding receivables specifically relating to Waste Disposal Fees and Fire Services which were not anticipated during the budget process.
Other Debtors	Variance due to change in treatment relating to the claims from the Post Retirement Medical and Long Service Awards claims from the Department of Transport and Public Works resulting in an increase in receivables in other debtors.
Employee Benefits (current portion)	Variance due to change in treatment of what is considered a reimbursable right relating Post Retirement Medical and Long Service Awards claims from the Department of Transport and Public Works resulting in the recognition of current portion of Employee Benefits previously not budgeted for.
Employee Benefits	Variance due to change in treatment of what is considered a reimbursable right relating Post Retirement Medical and Long Service Awards claims from the Department of Transport and Public Works resulting in a decrease of Employee Benefits not included in budget. Also refer to Other Debtors and Employee Benefits (current portion) above.
Property, plant and equipment	Variance mainly due to downward adjustment relating to Capitalised Restoration Cost. This asset is directly linked to a non-current provision for landfill site rehabilitation (Accounted for in terms of iGRAP 2) where the material effect of discounting was previously not taken into account.
Trade and other payables	During the budget compilation, the municipality did not anticipate any unspent roads funding.
Provisions and Employee Benefits (Non-Current)	Unexpected actuarial gain realised in the current year on Post Retirement Benefits, while the non-current provision relating to the landfill site rehabilitation were also significantly decrease due to material effect of discounting incorrectly not taken into account.
Accumulated Surplus and Reserves	Variance mainly due to the adjustments on the downward adjustment of the rehabilitation provision and related asset (Capitalised Restoration Cost) due to the time value of money not taken into account on a provision of a long term nature.

#### Statement of financial performance - Budget Adjustments

All Adjustments	All adjustments were done in line with the approved virement policy of the municipality where funds are transferred from one line item to another within a specific vote. No Material Adjustments were made
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# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

42

### BUDGET COMPARISONS (CONTINUED)

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

Rental of facilities and equipment	Camping fees budget amounting to R 4.1 million budgeted in mSCOA as part of Other Revenue. Taking this budget allocation into account, there is a underperformance which can be attributed to the COVID 19 lockdown regulations.
Government grants and subsidies - operating	Variance can be attributed to the increase in unspent grant funding which was not anticipated during the budget compilation process.
Other revenue	Unspent Roads Maintenance funding at year-end which was not anticipated during budget process, while an unexpected actuarial gain also materialised which was not budgeted for. Also refer to camping fee classification under rental of facilities and equipment.
Gains on disposal of Assets	Disposals did not occur as anticipated. This could partially be attributed to the COVID 19 pandemic and related lockdown regulations.
Employee related costs	Although the percentage deviation is not significant, the variance can partially be supported by lower contributions to employee benefits than anticipated during the budget compilation process. A number of vacancies were also not filled during the year.
Finance charges	Variance can be attributed to the reduction in finance charges on non-current provisions. The reduction is due to discounting for time value of money which were previously not taken into account.
Contracted Services	Lower spending due to COVID 19 pandemic and related National Lockdown Regulations enforced during March 2020 up to and beyond 30 June 2020.
Other Expenditure and Materials	Lower spending due to COVID 19 pandemic and related National Lockdown Regulations enforced during March 2020 up to and beyond 30 June 2020.
Government Grants and Subsidies - Capital	All capital projects did not materialise due COVID 19 pandemic and related National Lockdown Regulations enforced during March 2020 up to and beyond 30 June 2020.



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 42 BUDGET COMPARISONS (CONTINUED)

#### Cash Flow Statement - Budget Adjustments

None

#### Cash Flow Statement - Budget versus Actual

Other Revenue	Budget for Roads Maintenance Services and Agency Services in total amounted to R 110 million, while only R 106.4 million materialised. Significant increase in outstanding debtors combined with lower fees generated on Rental facilities/Camping Fees.
Suppliers and Employees	Lower spending due to COVID 19 pandemic and related National Lockdown Regulations enforced during March 2020 up to and beyond 30 June 2020.
Proceeds on disposal of Assets	Disposals did not occur as anticipated. This could partially be attributed to the COVID 19 pandemic and related lockdown regulations.
Capital assets	All capital projects did not materialise due COVID 19 pandemic and related National Lockdown Regulations enforced during March 2020 up to and beyond 30 June 2020.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
<b>43.1 UNAUTHORISED EXPENDITURE</b>		
Unauthorised expenditure consist out of the following:		
Opening balance	16 424 967	2 665 541
Unauthorised expenditure current year - operating	-	10 941 839
Unauthorised expenditure current year - capital	-	5 483 128
Approved by Council	(16 424 967)	(2 665 541)
<b>Unauthorised expenditure awaiting approval</b>	<b>-</b>	<b>16 424 967</b>

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

	2020 (Actual) R	2020 (Final Budget) R	2020 (Unauthorised) R
<b>Unauthorised expenditure - Operating</b>			
Municipal Manager	14 131 712	16 269 344	-
Corporate Services	10 657 418	13 417 301	-
Finance	20 480 990	26 271 919	-
Community Services	170 143 864	181 274 915	-
<b>Total</b>	<b>215 413 984</b>	<b>237 233 479</b>	<b>-</b>
<b>Unauthorised expenditure - Capital</b>			
Corporate Services	403 365	450 000	-
Finance	18 524	115 000	-
Community Services	2 578 667	5 087 000	-
<b>Total</b>	<b>3 000 556</b>	<b>5 652 000</b>	<b>-</b>
		2020 R	2019 R

### 43.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

Opening balance	-	221 239
Fruitless and wasteful expenditure incurred	9 451	-
Fruitless and wasteful expenditure incurred in prior years, only identified in current year	11 415	-
Approved by Council	-	(221 239)
<b>Fruitless and wasteful expenditure awaiting approval</b>	<b>20 866</b>	<b>-</b>



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)</b>		
Details of Fruitless and wasteful expenditure incurred:		
Overpayment of Salaries (Occurred during 2018/19)	4 716	-
Transport Costs	9 451	-
Electricity meters at Die Dam (Occurred during 2017/18)	6 699	-
<b>Total</b>	<b>20 866</b>	<b>-</b>

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

### 43.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

Opening balance	16 996 911	1 103 320
Irregular expenditure incurred	5 506 014	16 996 911
Approved by Council	(16 996 911)	(1 103 320)
<b>Irregular expenditure awaiting approval</b>	<b>5 506 014</b>	<b>16 996 911</b>

Details of Irregular expenditure incurred :

Local content not applied to procurement process	-	97 906
Invalid Deviation - Karwyderskraal Annuity Loan (Interest)	2 996 938	2 041 072
Non-compliance i.r.o SCM procurement processes	44 875	-
Regulation 32 Contracts	2 464 201	7 192 173
Regulation 32 Contracts (Expenditure prior to 30 June 2018)	-	7 665 761
<b>Total</b>	<b>5 506 014</b>	<b>16 996 911</b>

Both the Invalid Deviation and Regulation 32 Irregular expenditure relates to awards made in previous financial years. No Regulation 32 awards were made during 2019/20.

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



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>44.1 Salga Contributions [MFMA 125 (1)(b)]</b>		
Opening balance	(810 522)	(490 771)
Expenditure incurred	1 034 076	870 375
Payments	(1 038 711)	(1 190 126)
<b>Payments in advance</b>	<b>(815 157)</b>	<b>(810 522)</b>
<b>44.2 Audit Fees [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Expenditure incurred	3 322 680	3 064 225
External Audit - Auditor-General	3 322 680	3 064 225
Payments	(3 322 680)	(3 064 225)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>
<b>44.3 VAT [MFMA 125 (1)(c)]</b>		
Opening balance	133 512	686 054
Amounts received during the year	(6 128 627)	(12 259 899)
Amounts paid during the year	5 249 460	1 160 767
Interest Earned on Refunds Due	-	22 474
Amounts (payable to)/claimable from SARS	(353 056)	10 524 115
<b>Outstanding Balance</b>	<b>(1 098 711)</b>	<b>133 512</b>
<b>Vat in suspense due to cash basis of accounting</b>	<b>(1 535 592)</b>	<b>(1 193 259)</b>
VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.		
<b>44.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]</b>		
Payments due to SARS	17 005 132	15 789 641
Payments	(17 005 132)	(15 789 641)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>





# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
44		
	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)</b>	

### 44.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]

Payments due to pension fund and medical aid	24 994 170	23 158 046
Payments	<u>(24 994 170)</u>	<u>(23 158 046)</u>
<b>Outstanding Balance</b>	<b><u><u>-</u></u></b>	<b><u><u>-</u></u></b>

### 44.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]

No Councillor had any arrear account outstanding for more than 90 days during the year or at year end (Same applies to previous financial year).

### 44.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

Approved deviations from Supply Chain Management Regulations were identified on the following financial categories:

Between R 0 and R 2 000	-	-
Between R 2 000 and R 10 000	38 561	189 779
Between R 10 000 and R 30 000	31 101	237 935
Between R 30 000 and R 200 000	674 862	1 054 052
Above R 200 000	529 116	903 012
<b>Total</b>	<b><u><u>1 273 639</u></u></b>	<b><u><u>2 384 777</u></u></b>

Deviations by Nature:

Sole Supplier	21 710	254 012
Emergency	123 777	693 900
Exceptional Case	1 128 152	1 436 865
<b>Total</b>	<b><u><u>1 273 639</u></u></b>	<b><u><u>2 384 777</u></u></b>

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

During the period under review, the municipality engaged with the following employees in service of the state (SCM 44):

None

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

44

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

During the year under review, the municipality engaged with the following entities where family members of suppliers are in service of the state (SCM 45):

	2020 R	2019 R
Premium Computers	86 420	64 625
Easy Mix	-	309 569
LVR Security Services	-	123 950
Mubesko Africa	-	58 396
Water Solutions Southern Africa (Pty) Ltd	130 383	134 241
Metsy Motors	364 340	284 779
Piston Power	455 488	370 401
NCC Environmental Services (Pty) Ltd	-	64 595
SMEC South Africa (Pty)Ltd	-	2 137 984
Dynachem	5 658	28 795
Sydney Amanzi Management Solutions	-	3 750
<b>Total</b>	<b>1 042 289</b>	<b>3 581 086</b>

Further disclosure relating to the suppliers above:

Supplier	Full name of family member and relationship	Organ of State	Capacity of family member
Premium Computers (Candice Eksteen)	Nico Eksteen (Parent)	Denel	IT Technician
Easy Mix (Arthur Carelse)	Helena De Jager (Spouse)	Cape Agulhas Municipality	Clerk: Property Rates
LVR Security Services (Leon Vosloo)	Christelle Vosloo (Spouse) and Chrisme Vosloo (Child)	Both Theewaterskloof Municipality	Mayor and Admin Clerk Respectively
Mubesko Africa (Hendri Niehaus) (Bart Saaiman)	Jeanine Niehaus (Spouse) and Litzie Saaiman (Spouse)	Department of Health and Department of Education respectively	Dietician and Education Specialists respectively
Water Solutions Southern Africa (Pty) Ltd	Mrs. Thembi Zwane (Spouse)	Ekurhuleni Metro Municipality	Administration Officer Solid Waste
Metsy Motors CC (Donovan Jones)	Gary Jones (Child) and Judy Jones (Child)	Department of Agriculture and Department of Education respectively	Technologist and Educator respectively

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

	2020 R	2019 R
<b>44</b>		
<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)</b>		

Piston Power (Ujesh Andhee)	Nadira Andhee (Spouse)	Department of Education	Educator
NCC Environmental Services (Pty) Ltd (Linden Rhoda)	Chandre Rhoda (Spouse)	City of Cape Town	Head of Invasive Species - Westlake Biodiversity Centre
SMEC South Africa (Pty)Ltd (Dr. M Phosa)	Yvonne Phosa (Spouse)	Parliament	Member
Dynachem (Lourenda Lourens)	Surika Brink (Child)	Department of Education	Educator
Sydney Amanzi Management Solutions (Sydney Armoed)	Enslin Armoed (Child)	Knysna Municipality	Supervisor: Water Department

### 45 CAPITAL COMMITMENTS

<b>Commitments in respect of Capital Expenditure:</b>	<b>3 371 213</b>	<b>718 559</b>
Approved and contracted for:		
Fire Training Centre Bredasdorp	2 133 182	-
Two Way Radio Network	959 031	-
Modular Pod Container	85 000	-
Upgrading of Ablution Facilities (Die Dam Resort)	194 000	-
Virtual Reality Firefighting Simulator	-	718 559
<b>Total</b>	<b>3 371 213</b>	<b>718 559</b>
This expenditure will be financed from:		
Internally Generated Funds	1 639 772	718 559
Provincial Grant Funding	1 731 441	-
<b>Total</b>	<b>3 371 213</b>	<b>718 559</b>

All commitments are disclosed inclusive of VAT.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 46 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

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

#### 46.1 Credit Risk

The following financial assets are exposed to credit risk:

	2020	2019
	R	R
Cash and Cash Equivalents	36 646 958	38 447 976
Receivables from exchange transactions	14 324 904	6 889 663
Receivables from non-exchange transactions	429 513	380 016
<b>Total</b>	<b>51 401 376</b>	<b>45 717 655</b>

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

#### Cash and Cash Equivalents

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

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

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

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

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 46 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

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

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

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

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

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

	2020 R	2019 R
Electricity	220	262
Water	1 538	494
Housing rental	19 108	25 589
Sundry Debtors	5 431 370	531 251
Legal Fees	5 496	7 482
<b>Total</b>	<b>5 457 732</b>	<b>565 078</b>

These receivables can be aged as follows:

1 Month Past due	2 767 757	283 640
2 Months Past due	155 527	86 114
3 Months Past due	96 542	32 409
> 3 Months Past due	2 437 905	162 916
<b>Total</b>	<b>5 457 732</b>	<b>565 078</b>

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

#### 46.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 46 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

	2020 R	2019 R
The following balances are exposed to interest rate fluctuations:		
Cash and Cash Equivalents (Excluding Cash on Hand)	36 639 558	38 441 076
Long-term Liabilities (Including Current Portion)	(25 160 916)	(28 033 128)
<b>Net balance exposed</b>	<b>11 478 642</b>	<b>10 407 948</b>

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

0.5% (2019 - 0.5%) increase in interest rates	57 393	52 040
0.5% (2019 - 1%) decrease in interest rates	(57 393)	(104 079)

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

#### 46.4 Liquidity risk

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

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

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 46 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

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

  

30 JUNE 2019	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	5 719 597	22 444 642	12 625 111
Finance Lease Liabilities	156 800	-	-
Payables from exchange transactions	11 292 759	-	-
<b>Total</b>	<b>17 169 156</b>	<b>22 444 642</b>	<b>12 625 111</b>

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

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

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

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

The municipality is not exposed to any other price risk.

# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 47 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

#### Financial Assets

Cash and Cash Equivalents	36 646 958	38 447 976
Receivables from exchange transactions	14 324 904	6 889 663
Receivables from non-exchange transactions	429 513	380 016
<b>Total</b>	<b>51 401 376</b>	<b>45 717 655</b>

#### Financial Liabilities

Current Portion of Long-term Liabilities	2 949 453	2 872 212
Payables from exchange transactions	9 188 347	11 292 759
Long-term Liabilities	22 211 463	25 160 916
<b>Total</b>	<b>34 349 263</b>	<b>39 325 887</b>

### 48 STATUTORY RECEIVABLES

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

### 49 EVENTS AFTER REPORTING DATE

The national state of disaster has been extended until 15 November 2020. Refer to note 55 where the financial impact of the COVID-19 pandemic on the Municipality is disclosed. Other than the COVID-19 pandemic, the Municipality had no other significant events after reporting date.

### 50 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following services in kind:

The Municipality is providing a project service to Community Development Workers in the Swellendam Municipal area. The project leads deployed in the district are remunerated by the Western Cape Provincial Administration (2018/2019 only).

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

The Municipality is operating resorts (Uilenkraalsmond and Dennehof (2018/2019 only)) on land owned by the National Department of Public Works.

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

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

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



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 52 CONTINGENT LIABILITIES

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

- 52.1** On 22 October 2014 a settlement agreement between the municipality and IMATU that the target date for implementation of job descriptions and review of organisational structures would be 1 April 2015. In the event of delays the final date for implementation would be 1 May 2015. The settlement agreement was only partially implemented due to certain cases being disputed. On arbitration, an award was made by the SALGBC in favour of the concerned parties. The municipality obtained legal advice and the arbitration award was taken on review in the Labour Court. All the Court papers have been finalised and to date we are awaiting a date of hearing of the review application in the Labour Court. Management is confident that the adverse award will be overturned.
- 52.2** The municipality claimed input VAT on expenditure relating to the Roads Maintenance function performed in terms of its agreement with the Provincial Roads Department up to 30 June 2019. This treatment is based on guidance received after the roads agreement was investigated by a VAT consultant and the VAT payments was checked by SARS. The treatment was not in line with the treatment at other District Municipalities in the Western Cape. Subsequently, the Auditor-General has found that the municipality incorrectly claimed the VAT inputs on expenses incurred in performing the road maintenance services, as the municipality is deemed to be an agent for VAT purposes. The Municipality is in process of engaging with SARS to obtain a VAT ruling to clarify the treatment of VAT input up to 30 June 2019 (and going forward from 1 July 2019). This raises the possibility to repay input VAT to SARS in this regard, along with possible interest and penalties. Amounts claimed up to 30 June 2019 amounts to R 28 726 168. Engagements with SARS were not yet finalised on submission date of the financial statements. Furthermore, the municipality did not claim any input VAT on similar transactions in anticipation of the outstanding SARS ruling to clarify the matter.

### 53 RELATED PARTIES

Related parties are defined in note 1.35

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

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

Remuneration of Key Personel and Councillors are disclosed in notes 28 and 29

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

### 54 B-BBEE PERFORMANCE

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

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

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

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

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



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 56 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATE D OUTCOME 2019 R
<b>Financial Performance</b>						
Service charges	10 723 096	-	10 723 096	11 467 850	744 754	2 102 464
Investment revenue	2 500 000	-	2 500 000	1 896 273	(603 727)	2 158 752
Government Grants and Subsidies - Operating	169 422 787	(88 991 819)	80 430 968	75 051 482	(5 379 486)	73 374 602
Other own revenue	36 239 751	100 950 280	137 190 031	132 373 720	(4 816 311)	133 967 927
<b>Total Operating Revenue</b>	<b>218 885 634</b>	<b>11 958 461</b>	<b>230 844 095</b>	<b>220 789 324</b>	<b>(10 054 771)</b>	<b>211 603 745</b>
Employee costs	103 201 344	8 892 345	112 093 689	109 265 846	(2 827 843)	101 195 223
Remuneration of councillors	6 606 538	11 061	6 617 599	6 197 440	(420 159)	6 264 038
Debt impairment	-	-	-	144 736	144 736	2 066 725
Depreciation & asset impairment	3 575 545	-	3 575 545	3 567 855	(7 690)	3 558 201
Finance charges	9 164 827	1 851 290	11 016 117	8 214 716	(2 801 401)	7 009 188
Transfers and grants	380 000	104 347	484 347	-	(484 347)	360 000
Other expenditure and materials	99 483 955	3 962 227	103 446 182	88 023 391	(15 422 791)	92 012 855
<b>Total Expenditure</b>	<b>222 412 209</b>	<b>14 821 270</b>	<b>237 233 479</b>	<b>215 413 984</b>	<b>(21 819 495)</b>	<b>212 466 230</b>
<b>Surplus/(Deficit)</b>	<b>(3 526 575)</b>	<b>(2 862 809)</b>	<b>(6 389 384)</b>	<b>5 375 341</b>	<b>11 764 725</b>	<b>(862 485)</b>
Government Grants and Subsidies - Capital	1 100 000	1 550 000	2 650 000	691 183	(1 958 817)	1 483 000
<b>Surplus/(Deficit) for the year</b>	<b>(2 426 575)</b>	<b>(1 312 809)</b>	<b>(3 739 384)</b>	<b>6 066 524</b>	<b>9 805 908</b>	<b>620 515</b>



# OVERBERG DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

### 56 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATE D OUTCOME 2019 R
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	<b>11 353 111</b>	<b>(5 701 111)</b>	<b>5 652 000</b>	<b>3 000 556</b>	<b>(2 651 444)</b>	<b>36 981 856</b>
Transfers recognised - capital	1 100 000	1 550 000	2 650 000	691 183	(1 958 817)	1 483 000
Borrowing	6 128 111	(6 128 111)	-	-	-	22 316 198
Internally generated funds	4 125 000	(1 123 000)	3 002 000	2 309 372	(692 628)	13 182 659
<b>Total sources of capital funds</b>	<b>11 353 111</b>	<b>(5 701 111)</b>	<b>5 652 000</b>	<b>3 000 556</b>	<b>(2 651 444)</b>	<b>36 981 856</b>
<b>Cash flows</b>						
Net cash from (used) operating	4 750 370	(4 411 788)	338 582	4 071 750	3 733 168	(734 764)
Net cash from (used) investing	(6 253 111)	5 701 111	(552 000)	(3 000 556)	(2 448 556)	(23 508 878)
Net cash from (used) financing	(2 872 212)	-	(2 872 212)	(2 872 212)	-	25 976 232
<b>Net Cash Movement for the year</b>	<b>(4 374 953)</b>	<b>1 289 323</b>	<b>(3 085 630)</b>	<b>(1 801 017)</b>	<b>1 284 612</b>	<b>1 732 590</b>
Cash/cash equivalents at beginning of year	39 527 598	(1 079 622)	38 447 976	38 447 976	-	36 715 385
<b>Cash/cash equivalents at the year end</b>	<b>35 152 645</b>	<b>209 701</b>	<b>35 362 346</b>	<b>36 646 958</b>	<b>1 284 612</b>	<b>38 447 976</b>

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



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2020

INSTITUTION	RATE	REDEMPTION DATE	OPENING BALANCE		RECEIVED DURING YEAR		REDEEMED DURING YEAR		CLOSING BALANCE	
			1.JULY 2019	R	DURING YEAR	R	DURING YEAR	R	30 JUNE 2020	R
<b><u>ANNUITY LOANS</u></b>										
INCA	9.45%	2019/12/31	103 505	-	-	(103 505)	-	-	-	-
STANDARD BANK (KARWYDERSKRAAL)	11.17%	2026/08/26	27 775 138	-	-	(2 614 222)	-	-	25 160 916	-
Total Annuity Loans			<u>27 878 644</u>	-	-	<u>(2 717 728)</u>	-	-	<u>25 160 916</u>	-
<b><u>FINANCE LEASE LIABILITIES</u></b>										
Nashua (Copiers)	10.50%	2019/09/30	154 484	-	-	(154 484)	-	-	-	-
Total Finance Lease Liabilities			<u>154 484</u>	-	-	<u>(154 484)</u>	-	-	-	-
Total Long-Term Liabilities			<u>28 033 128</u>	-	-	<u>(2 872 212)</u>	-	-	<u>25 160 916</u>	-



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX B (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES AND GFS CLASSIFICATION) FOR THE YEAR ENDING 30 JUNE 2020

	30 JUNE 2020			30 JUNE 2019		
MUNICIPAL VOTES	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Municipal Manager	10 533 457	(14 131 712)	(3 598 255)	10 480 679	(14 169 326)	(3 688 647)
Corporate Services	48 310	(10 657 418)	(10 609 108)	24 547	(8 866 066)	(8 841 519)
Finance	80 419 552	(20 480 990)	59 938 562	84 265 156	(25 356 954)	58 908 202
Community Services	130 479 189	(170 143 864)	(39 664 675)	118 316 363	(164 073 885)	(45 757 522)
<b>Total</b>	<b>221 480 508</b>	<b>(215 413 984)</b>	<b>6 066 524</b>	<b>213 086 745</b>	<b>(212 466 230)</b>	<b>620 515</b>
GFS CLASSIFICATION	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Executive and Council	10 384 592	(10 401 159)	(16 566)	10 097 186	(10 600 158)	(502 972)
Internal audit	-	(1 324 685)	(1 324 685)	-	(1 227 594)	(1 227 594)
Finance and administration	80 616 726	(33 453 358)	47 163 368	84 673 195	(36 378 666)	48 294 530
Planning and Development	-	(1 253 241)	(1 253 241)	-	(1 222 912)	(1 222 912)
Public Safety	3 447 077	(29 251 709)	(25 804 632)	3 119 563	(28 243 811)	(25 124 248)
Environmental Protection	94 976	(2 292 194)	(2 197 218)	20 800	(2 348 397)	(2 327 597)
Waste Management	12 940 626	(8 495 180)	4 445 446	2 296 542	(2 405 413)	(108 871)
Sport and Recreation	15 651 048	(16 824 682)	(1 173 634)	16 312 968	(18 238 242)	(1 925 274)
Health	295 927	(14 244 811)	(13 948 884)	284 862	(13 839 880)	(13 555 018)
Road Transport	98 049 535	(97 872 965)	176 570	96 281 627	(97 961 157)	(1 679 529)
<b>Total</b>	<b>221 480 508</b>	<b>(215 413 984)</b>	<b>6 066 524</b>	<b>213 086 745</b>	<b>(212 466 230)</b>	<b>620 515</b>



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX C (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL DEPARTMENT) FOR THE YEAR ENDING 30 JUNE 2020

MUNICIPAL DEPARTMENTS	30 JUNE 2020			30 JUNE 2019		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Committee, Records & Councillor Support	-	(2 774 986)	(2 774 986)	-	(2 106 674)	(2 106 674)
Community Services Support	-	(4 215)	(4 215)	-	-	-
Comprehensive Health	159 169	(195 050)	(35 882)	161 969	(177 412)	(15 444)
Corporate Support	48 310	(1 664 545)	(1 616 234)	24 547	(1 564 594)	(1 540 047)
Council Expenditure	10 384 592	(7 891 109)	2 493 483	10 097 186	(8 197 952)	1 899 235
Emergency Services	3 447 077	(29 251 709)	(25 804 632)	3 119 563	(28 243 811)	(25 124 248)
Environmental Management	94 976	(2 292 194)	(2 197 218)	20 800	(2 348 397)	(2 327 597)
Executive (Community Services)	-	(1 158 108)	(1 158 108)	-	(1 036 985)	(1 036 985)
Executive (Corporate Services)	-	(784 039)	(784 039)	-	(286)	(286)
Executive (Finance)	-	(1 077 948)	(1 077 948)	-	(884 509)	(884 509)
Executive (Municipal Manager)	-	(2 171 054)	(2 171 054)	-	(2 189 801)	(2 189 801)
Executive Support	-	(338 995)	(338 995)	-	(212 406)	(212 406)
Expenditure	27 611	(2 482 418)	(2 454 808)	26 371	(3 036 035)	(3 009 664)
Financial Services	80 366 096	(13 319 990)	67 046 106	84 214 415	(18 152 108)	66 062 307
Financial Support	-	(187 655)	(187 655)	-	(152 257)	(152 257)
Human Resources	-	(2 215 632)	(2 215 632)	-	(2 010 384)	(2 010 384)
IDP & Communication	-	(1 253 241)	(1 253 241)	-	(1 222 912)	(1 222 912)
Information Services	-	(3 218 217)	(3 218 217)	-	(3 184 128)	(3 184 128)
Internal Audit	-	(1 324 685)	(1 324 685)	-	(1 227 594)	(1 227 594)



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX C (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL DEPARTMENT) FOR THE YEAR ENDING 30 JUNE 2020

Led, Tourism, Resorts & EPWP	15 651 048	(16 824 682)	(1 173 634)	16 312 968	(18 238 242)	(1 925 274)
Municipal Health	136 758	(14 049 761)	(13 913 003)	122 893	(13 662 467)	(13 539 574)
Performance & Risk Management	148 864	(1 152 627)	(1 003 763)	383 493	(1 118 662)	(735 169)
Revenue	25 845	(1 465 764)	(1 439 919)	24 369	(1 287 979)	(1 263 610)
Solid Waste	12 940 626	(8 495 180)	4 445 446	2 296 542	(2 405 413)	(108 871)
Supply Chain Management	-	(1 947 214)	(1 947 214)	-	(1 844 065)	(1 844 065)
Roads Function	98 049 535	(97 872 965)	176 570	96 281 627	(97 961 157)	(1 679 529)
<b>Total</b>	<b>221 480 508</b>	<b>(215 413 984)</b>	<b>6 066 524</b>	<b>213 086 745</b>	<b>(212 466 230)</b>	<b>620 515</b>



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX D (UNAUDITED)

### DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2020

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	GRANTS RETURNED TO NT/PT	CLOSING BALANCE
	R	R	R	R	R	R
<b>NATIONAL GOVERNMENT</b>						
Equitable Share	-	71 776 000	(71 776 000)	-	-	-
Financial Management Grant (FMG)	-	1 000 000	(1 000 000)	-	-	-
Expanded Public Works Program (EPWP)	-	1 243 000	(1 121 201)	-	-	121 799
Rural Roads Asset Management System	1 115 380	2 807 000	-	-	(1 115 380)	2 807 000
Municipal Disaster Relief Grant	-	179 000	(112 651)	(66 349)	-	-
<b>Total</b>	<b>1 115 380</b>	<b>77 005 000</b>	<b>(74 009 852)</b>	<b>(66 349)</b>	<b>(1 115 380)</b>	<b>2 928 799</b>
<b>PROVINCIAL GOVERNMENT AND OTHER</b>						
mSCOA Support Grant	-	280 000	(188 584)	-	-	91 416
Anti-Fraud	229 110	-	-	-	-	229 110
SETA Training Fund	147 049	203 651	(51 825)	-	-	298 875
Health Subsidy	-	159 169	(159 169)	-	-	-
CDW Operational Support Grant	58 931	112 000	-	-	(58 931)	112 000
Local Government Graduate Internship Grant	26 101	80 000	(13 400)	-	-	92 702
Human Capacity Building Grant	120 000	380 000	-	-	-	500 000
Fire Safety Plan - 2018/19	934 995	-	(184 995)	-	-	750 000
Fire Safety Plan - 2010/20	-	1 100 000	(271 625)	-	-	828 375
Municipal Finance Improvement Program - Resorts	-	650 000	-	-	-	650 000
Municipal Service Delivery and Capacity Building Grant - Fire	1 700 000	-	(93 725)	(624 834)	-	981 441
LG Support Grant - Human Relief	-	100 000	(78 308)	-	-	21 692
<b>Total</b>	<b>3 216 186</b>	<b>3 064 820</b>	<b>(1 041 630)</b>	<b>(624 834)</b>	<b>(58 931)</b>	<b>4 555 610</b>
<b>ALL SPHERES GOVERNMENT</b>	<b>4 331 567</b>	<b>80 069 820</b>	<b>(75 051 482)</b>	<b>(691 183)</b>	<b>(1 174 312)</b>	<b>7 484 409</b>





# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)	ORIGINAL BUDGET		BUDGET ADJUSTMENTS		FINAL BUDGET		ACTUAL OUTCOME		BUDGET VARIANCE		RESTATEMENT	
	2020	R	2020	R	2020	R	2020	R	2020	R	2019	R
<b>REVENUE</b>												
Governance and administration	94 140 582		5 084 210		99 224 792		91 001 318		(8 223 474)		94 770 382	
Executive and Council	14 681 366		580 004		15 261 370		10 384 592		(4 876 778)		10 097 186	
Finance and administration	79 459 216		4 504 206		83 963 422		80 616 726		(3 346 696)		84 673 195	
Community and public safety	23 157 528		(261 596)		22 895 932		19 394 052		(3 501 880)		19 717 394	
Sport and recreation	17 658 400		650 000		18 308 400		15 651 048		(2 657 352)		16 312 968	
Public safety	5 183 770		(1 100 000)		4 083 770		3 447 077		(636 693)		3 119 563	
Health	315 358		188 404		503 762		295 927		(207 835)		284 862	
Economic and environmental services	91 964 429		8 670 846		100 635 275		98 144 511		(2 490 764)		96 302 427	
Road transport	91 821 429		8 670 846		100 492 275		98 049 535		(2 442 740)		96 281 627	
Environmental protection	143 000		-		143 000		94 976		(48 024)		20 800	
Trading services	10 723 096		15 000		10 738 096		12 940 626		2 202 530		2 296 542	
Waste management	10 723 096		15 000		10 738 096		12 940 626		2 202 530		2 296 542	
<b>Total Revenue - Standard</b>	<b>219 985 634</b>		<b>13 508 461</b>		<b>233 494 095</b>		<b>221 480 508</b>		<b>(12 013 587)</b>		<b>213 086 745</b>	



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)	ORIGINAL BUDGET 2020		BUDGET ADJUSTMENTS 2020		FINAL BUDGET 2020		ACTUAL OUTCOME 2020		BUDGET VARIANCE 2020		RESTATEMENT OUTCOME 2019	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>EXPENDITURE</b>												
<b>Governance and administration</b>	51 592 529	4 262 416	55 854 945	45 179 202	(10 675 743)	48 206 418						
Executive and Council	11 191 278	412 237	11 603 515	10 401 159	(1 202 357)	10 600 158						
Finance and administration	39 034 923	3 543 697	42 578 620	33 453 358	(9 125 262)	36 378 666						
Internal audit	1 366 328	306 482	1 672 810	1 324 685	(348 125)	1 227 594						
<b>Community and public safety</b>	64 657 187	1 118 427	65 775 614	60 321 202	(5 454 412)	60 321 933						
Community and social services	-	-	-	-	-	-						
Sport and recreation	18 819 807	1 113 146	19 932 953	16 824 682	(3 108 271)	18 238 242						
Public safety	30 875 629	(1 179 840)	29 695 789	29 251 709	(444 080)	28 243 811						
Health	14 961 751	1 185 121	16 146 872	14 244 811	(1 902 061)	13 839 880						
<b>Economic and environmental services</b>	95 922 997	8 723 767	104 646 764	101 418 400	(3 228 364)	101 532 466						
Planning and development	1 311 503	14 583	1 326 086	1 253 241	(72 845)	1 222 912						
Road transport	91 821 429	8 653 845	100 475 274	97 872 965	(2 602 309)	97 961 157						
Environmental protection	2 790 065	55 339	2 845 404	2 292 194	(553 210)	2 348 397						
Trading services	10 239 496	716 660	10 956 156	8 495 180	(2 460 976)	2 405 413						
Waste management	10 239 496	716 660	10 956 156	8 495 180	(2 460 976)	2 405 413						
<b>Total Expenditure - Standard</b>	<b>222 412 209</b>	<b>14 821 270</b>	<b>237 233 479</b>	<b>215 413 984</b>	<b>(21 819 495)</b>	<b>212 466 230</b>						
<b>Surplus/(Deficit) for the year</b>	<b>(2 426 575)</b>	<b>(1 312 809)</b>	<b>(3 739 384)</b>	<b>6 066 524</b>	<b>9 805 908</b>	<b>620 515</b>						



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (2) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

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

	ORIGINAL BUDGET 2020		BUDGET ADJUSTMENTS 2020		FINAL BUDGET 2020		ACTUAL OUTCOME 2020		BUDGET VARIANCE 2020		RESTATED OUTCOME 2019	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>REVENUE</b>												
Municipal Manager	15 219 552	580 004	15 799 556	10 533 457	10 480 679							
Corporate Services	23 530	40 000	63 530	48 310	24 547							
Finance	79 997 500	3 364 206	83 361 706	80 419 552	84 265 156							
Community Services	124 745 053	9 524 250	134 269 303	130 479 189	118 316 363							
<b>Total Revenue by Vote</b>	<b>219 985 634</b>	<b>13 508 461</b>	<b>233 494 095</b>	<b>221 480 508</b>	<b>213 086 745</b>							
<b>EXPENDITURE</b>												
Municipal Manager	15 563 148	706 196	16 269 344	14 131 712	14 169 326							
Corporate Services	11 619 847	1 797 454	13 417 301	10 657 418	8 866 066							
Finance	24 521 323	1 750 596	26 271 919	20 480 990	25 356 954							
Community Services	170 707 891	10 567 024	181 274 915	170 143 864	164 073 885							
<b>Total Expenditure by Vote</b>	<b>222 412 209</b>	<b>14 821 270</b>	<b>237 233 479</b>	<b>215 413 984</b>	<b>212 466 230</b>							
<b>Surplus/(Deficit) for the year</b>	<b>(2 426 575)</b>	<b>(1 312 809)</b>	<b>(3 739 384)</b>	<b>6 066 524</b>	<b>9 805 908</b>							



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

REVENUE AND EXPENDITURE	ORIGINAL BUDGET 2020		BUDGET ADJUSTMENTS 2020		FINAL BUDGET 2020		ACTUAL OUTCOME 2020		BUDGET VARIANCE 2020		RESTATED OUTCOME 2019	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>REVENUE BY SOURCE</b>												
Service charges	10 723 096	-	-	-	10 723 096	11 467 850	744 754	2 102 464				
Rental of facilities and equipment	12 024 330	15 000	-	-	12 039 330	10 983 473	(1 055 857)	15 201 012				
Interest earned - external investments	2 500 000	-	-	-	2 500 000	1 896 273	(603 727)	2 158 752				
Interest earned - outstanding debtors	100 000	-	-	-	100 000	-	(100 000)	-				
Licences and permits	300 000	-	-	-	300 000	136 758	(163 242)	122 893				
Agency services	9 581 366	301 004	-	-	9 882 370	10 127 284	244 914	9 214 868				
Government Grants and Subsidies - Operating	169 422 787	(88 991 819)	-	-	80 430 968	75 051 482	(5 379 486)	73 374 602				
Other revenue	9 134 055	100 634 276	-	-	109 768 331	111 126 204	1 357 873	108 546 835				
Gains on disposal of PPE/Assets	5 100 000	-	-	-	5 100 000	-	(5 100 000)	882 318				
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>218 885 634</b>	<b>11 958 461</b>	<b>-</b>	<b>-</b>	<b>230 844 095</b>	<b>220 789 324</b>	<b>(10 054 771)</b>	<b>211 603 745</b>				



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

#### REVENUE AND EXPENDITURE

EXPENDITURE BY TYPE	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATED
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2020	2020	2020	2020	2020	2019
	R	R	R	R	R	R
Employee related costs	103 201 344	8 892 345	112 093 689	109 265 846	(2 827 843)	101 195 223
Remuneration of councillors	6 606 538	11 061	6 617 599	6 197 440	(420 159)	6 264 038
Debt impairment	-	-	-	144 736	144 736	2 066 725
Depreciation & asset impairment	3 575 545	-	3 575 545	3 567 855	(7 690)	3 558 201
Finance charges	9 164 827	1 851 290	11 016 117	8 214 716	(2 801 401)	7 009 188
Contracted services	20 993 590	2 059 697	23 053 287	17 356 471	(5 696 816)	15 413 137
Transfers and grants	380 000	104 347	484 347	-	(484 347)	360 000
Other Expenditure and Materials	78 490 366	1 902 529	80 392 895	70 187 825	(10 205 070)	73 544 020
Loss on disposal of PPE	-	-	-	479 095	479 095	3 055 698
<b>Total Expenditure</b>	<b>222 412 209</b>	<b>14 821 270</b>	<b>237 233 479</b>	<b>215 413 984</b>	<b>(21 819 495)</b>	<b>212 466 230</b>
<b>Surplus/(Deficit)</b>	<b>(3 526 575)</b>	<b>(2 862 809)</b>	<b>(6 389 384)</b>	<b>5 375 341</b>	<b>11 764 725</b>	<b>(862 485)</b>
Government Grants and Subsidies - Capital	1 100 000	1 550 000	2 650 000	691 183	(1 958 817)	1 483 000
<b>Surplus/(Deficit) for the year</b>	<b>(2 426 575)</b>	<b>(1 312 809)</b>	<b>(3 739 384)</b>	<b>6 066 524</b>	<b>9 805 908</b>	<b>620 515</b>



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

CAPITAL EXPENDITURE	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATED OUTCOME 2019 R
<b>CAPITAL EXPENDITURE (VOTE)</b>						
Multi-year expenditure						
Community Services	6 128 111	(6 128 111)	-	-	-	22 316 198
Single-year expenditure						
Municipal Manager	-	-	-	-	-	11 433
Corporate Services	300 000	150 000	450 000	403 365	(46 635)	302 647
Finance	65 000	50 000	115 000	18 524	(96 476)	32 078
Community Services	4 860 000	227 000	5 087 000	2 578 667	(2 508 333)	14 319 501
<b>Total Capital Expenditure by Vote</b>	<b>11 353 111</b>	<b>(5 701 111)</b>	<b>5 652 000</b>	<b>3 000 556</b>	<b>(2 651 444)</b>	<b>36 981 856</b>
<b>CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)</b>						
Governance and administration	365 000	200 000	565 000	421 888	(143 112)	344 506
Finance and administration	365 000	200 000	565 000	421 888	(143 112)	342 061
Internal audit	-	-	-	-	-	2 445
Community and public safety	4 860 000	227 000	5 087 000	2 575 851	(2 511 149)	3 066 360
Sport and recreation	360 000	180 000	540 000	119 386	(420 614)	364 412
Public safety	4 500 000	47 000	4 547 000	2 416 087	(2 130 913)	2 347 045
Health	-	-	-	40 378	40 378	354 903
Economic and environmental services	-	-	-	2 816	2 816	20 849
Road Transport	-	-	-	2 816	2 816	3 261
Planning and development	-	-	-	-	-	1 652
Environmental protection	-	-	-	-	-	15 936



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

CAPITAL EXPENDITURE	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATED
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2020	2020	2020	2020	2020	2019
	R	R	R	R	R	R
Trading services	6 128 111	(6 128 111)	-	-	-	33 550 141
Waste management	6 128 111	(6 128 111)	-	-	-	33 550 141
<b>Total Capital Expenditure - Standard</b>	<b>11 353 111</b>	<b>(5 701 111)</b>	<b>5 652 000</b>	<b>3 000 556</b>	<b>(2 651 444)</b>	<b>36 981 856</b>
<b>CAPITAL EXPENDITURE (FUNDING SOURCES)</b>						
National Government	-	-	-	66 349	66 349	-
Provincial Government	1 100 000	1 550 000	2 650 000	624 834	(2 025 166)	1 483 000
<b>Transfers recognised - capital</b>	<b>1 100 000</b>	<b>1 550 000</b>	<b>2 650 000</b>	<b>691 183</b>	<b>(1 958 817)</b>	<b>1 483 000</b>
Borrowing	6 128 111	(6 128 111)	-	-	-	22 316 198
Internally generated funds	4 125 000	(1 123 000)	3 002 000	2 309 372	(692 628)	13 182 659
<b>Total Capital Funding</b>	<b>11 353 111</b>	<b>(5 701 111)</b>	<b>5 652 000</b>	<b>3 000 556</b>	<b>(2 651 444)</b>	<b>36 981 856</b>



# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

CASH FLOWS	ORIGINAL BUDGET 2020 R	BUDGET ADJUSTMENTS 2020 R	FINAL BUDGET 2020 R	ACTUAL OUTCOME 2020 R	BUDGET VARIANCE 2020 R	RESTATE D OUTCOME 2019 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Service charges	10 723 096	-	10 723 096	9 726 426	(996 670)	1 523 417
Other revenue	31 039 751	103 450 280	134 490 031	118 751 046	(15 738 985)	120 306 677
Government - operating	169 422 787	(89 612 025)	79 810 762	79 803 470	(7 292)	74 152 314
Government - capital	1 100 000	(900 000)	200 000	266 349	66 349	4 183 000
Interest	2 600 000	-	2 600 000	1 876 933	(723 067)	2 227 718
<b>Payments</b>						
Suppliers and employees	(206 679 426)	(17 236 545)	(223 915 971)	(203 348 290)	20 567 681	(200 558 441)
Finance charges	(3 075 838)	(9 150)	(3 084 988)	(3 004 185)	80 803	(2 209 449)
Transfers and Grants	(380 000)	(104 348)	(484 348)	-	484 348	(360 000)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>4 750 370</b>	<b>(4 411 788)</b>	<b>338 582</b>	<b>4 071 750</b>	<b>3 733 168</b>	<b>(734 764)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of Assets	5 100 000	-	5 100 000	-	(5 100 000)	1 062 318
<b>Payments</b>						
Capital assets	(11 353 111)	5 701 111	(5 652 000)	(3 000 556)	2 651 444	(24 571 196)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(6 253 111)</b>	<b>5 701 111</b>	<b>(552 000)</b>	<b>(3 000 556)</b>	<b>(2 448 556)</b>	<b>(23 508 878)</b>





# OVERBERG DISTRICT MUNICIPALITY

## APPENDIX E (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2020

CASH FLOWS	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATED
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2020	2020	2020	2020	2020	2019
	R	R	R	R	R	R
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Loans Raised	-	-	-	-	-	28 392 514
Decrease in Consumer Deposits	-	-	-	-	-	(3 660)
<b>Payments</b>						
Repayment of borrowing	(2 872 212)	-	(2 872 212)	(2 872 212)	-	(2 412 622)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(2 872 212)</b>	<b>-</b>	<b>(2 872 212)</b>	<b>(2 872 212)</b>	<b>-</b>	<b>25 976 232</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(4 374 953)</b>	<b>1 289 323</b>	<b>(3 085 630)</b>	<b>(1 801 017)</b>	<b>1 284 612</b>	<b>1 732 590</b>
Cash/cash equivalents at the year begin:	39 527 598	(1 079 622)	38 447 976	38 447 976	-	36 715 385
Cash/cash equivalents at the year end:	35 152 645	209 701	35 362 346	36 646 958	1 284 612	38 447 976

