

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021



Swartland Municipality
Annual Financial Statements
for the year ended 30 June 2021

* See Note

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

General Information

Nature of business and principal activities

Swartland Municipality (the municipality) is a category B, medium capacity, local government institution in Malmesbury, Western Cape. The addresses of its registered office and principal place of business are disclosed hereunder and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Constitution.

Reporting entity's mandate:

The reporting entity (hereafter 'the Entity') is a medium-capacity, category B local authority established in terms of section 151 of the Constitution of the Republic of South Africa (Act 108 of 1996).

The principal activities of the Entity are to:

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

The Entity's operations are governed by the Local Government: Municipal Finance Management Act (MFMA) (Act 56 of 2003), Municipal Structures Act (Act 117 of 1998), Municipal Systems (Act 32 of 2000) and various other acts and regulations.

Legal Council

Terblanche, Slabber and Pieters
8 Truter Street
Malmesbury

Du Plessis and Mostert
13 Piet Retief Street
Malmesbury

Roux and Van Dyk
42 Main Road
Moorreesburg

Mayor
Deputy Mayor
Speaker

Councillor T van Essen
Councillor M S I Goliath
Councillor M Rangasamy

Members of Executive Mayorial Committee

Chairperson	Councillor T van Essen
Member	Councillor M S I Goliath
Member	Councillor O M Stemele
Member	Councillor M van Zyl
Member	Councillor R F van der Westhuizen
Member	Councillor P E Solomons

Chairpersons of Portfolio Committees

Office of the Municipal Manager	Councillor C Daniels
Administration and Finances	Councillor E S M Maart
Civil and Electrical Services	Councillor N Smit
Development Services	Councillor JM de Beer
Protection Services	Councillor DG Bess

Swartland Municipality

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General Information

Members of the Performance and Risk Audit Committee	Chairperson	M Roos (term ended 31 July 2020)
	Member	C B De Jager
	Member	G N Lawrence (resigned 3 February 2021)
	Member	R Gani (effective from 1 August 2020)
		B Gouws (effective from 1 May 2021)
Auditors	Auditor-General of South Africa	
Bankers	Standard Bank of South Africa	
Registered office	1 Church Street MALMESBURY 7300	
Business address	1 Church Street MALMESBURY 7300	
Postal address	Private Bag X 52 Malmesbury 7299	
Accounting Officer	J J Scholtz	
Director: Financial Services	M A C Bolton	
Council members of the Swartland Municipality	Bekebu Z Bess D G Daniels C De Beer J M Goliath M S I Humphreys F S Maart E S M McQuire V D Mfutwana L E O'Kennedy E C Papers C H Penxa B J	Philander D B Rangasamy M A Smit N Sneewe A M Solomons P E Stanley B J Stemele O M Van der Westhuizen R F Van Essen T Van Zyl M Zatu N S

Swartland Municipality

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AFS	Annual Financial Statements
COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

In terms of Section 13G, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports. Compliance is disclosed in the annual report.

I certify that salaries, allowances and benefits of councillors as disclosed in note 35 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on pages 6 to 120, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2021 and were signed:


J J Scholtz
Municipal Manager

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Cash and cash equivalents	2	640 204 005	630 365 897
Receivables from exchange transactions	3 and 5	87 842 587	83 781 770
Receivables from non-exchange transactions	4 and 5	28 508 841	25 886 849
Construction contracts receivables	6	-	125 682
Finance lease receivables	7	890	784
Inventories	8	17 051 800	14 671 437
Operating lease asset	9	70 067	77 335
VAT receivable	10	12 015 715	2 496 242
		785 693 905	757 405 996
Non-Current Assets			
Property, plant and equipment	11	2 067 865 876	1 951 232 900
Investment property	12	34 459 693	35 170 391
Intangible assets	13	697 646	916 800
Heritage assets	14	1 119 900	1 119 900
Finance lease receivables	7	1 003	1 893
		2 104 144 118	1 988 441 884
Total Assets		2 889 838 023	2 745 847 880
Liabilities			
Current Liabilities			
Operating lease liability	9	28 504	84 888
Payables from exchange transactions	16	108 879 569	99 875 526
Consumer deposits	17	15 296 606	13 831 016
Construction contracts payables	6	341 136	-
Unspent conditional grants and receipts	18	3 554 142	16 850 005
Other financial liabilities	19	8 463 163	10 017 935
Employee benefit obligation	20	4 898 000	3 987 000
		141 461 120	144 646 370
Non-Current Liabilities			
Other financial liabilities	19	99 485 174	107 948 337
Employee benefit obligation	20	75 135 000	65 052 000
Provisions	21	38 187 834	34 417 988
		212 808 008	207 418 325
Total Liabilities		354 269 128	352 064 695
Net Assets		2 535 568 895	2 393 783 185
Reserves			
Statutory funds	22	1 893	2 677
Reserves	23	210 227 857	199 505 121
Accumulated surplus	24	2 325 339 145	2 194 275 387
Total Net Assets		2 535 568 895	2 393 783 185

* See Note 61

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	25	468 606 537	437 126 914
Agency services		4 986 897	3 940 171
Construction contracts	6	2 757 192	10 283 766
Interest received	26	38 483 570	47 342 034
Operational revenue	27	14 009 798	13 407 566
Rental of facilities and equipment	28	1 657 704	1 530 733
Total revenue from exchange transactions		530 501 698	513 631 184
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	29	133 191 703	124 160 522
Interest received on rates receivables		736 419	637 614
Transfer revenue			
Government grants and subsidies	30	209 895 023	174 659 994
Donated property, plant and equipment		33 042	1 365 864
Fines	31	28 401 672	22 745 065
Licences and permits	32	4 627 268	3 562 471
Public contributions and donations	33	290 139	1 937 960
Vesting of properties and equipment	34	13 374 866	9 924 321
Total revenue from non-exchange transactions		390 550 132	338 993 811
Total revenue		921 051 830	852 624 995
Expenditure			
Employee related costs	35	248 277 729	220 617 326
Remuneration of councillors	36	10 856 724	10 890 659
Bad debts written off	4	31 531 872	27 978 689
Bulk purchases	37	252 179 935	229 091 017
Contracted services	38	51 641 951	66 737 731
Depreciation and amortisation	39	87 220 069	86 992 570
Finance costs	40	13 954 440	14 452 515
Grants and subsidies paid	41	2 989 247	3 878 972
Operational cost	42	32 233 210	27 614 001
Other materials	43	31 864 876	26 443 759
Total expenditure		762 750 053	714 697 239
Operating surplus		158 301 777	137 927 756
Gains on sale of fixed assets		1 012 183	498 856
Gains on sale of land		170 400	3 139 977
Impairment losses on assets and receivables	44	(5 754 924)	(3 285 274)
Inventory losses: Water losses		(4 550 757)	(1 846 349)
Loss on disposal of assets	45	(7 392 970)	(7 923 767)
		(16 516 068)	(9 416 557)
Surplus for the year		141 785 709	128 511 199

* See Note 61

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

Figures in Rand	Statutory Funds	Capitalisation reserve	Total reserves	Accumulated surplus	Total net assets
Balance at 01 July 2019	3 368	191 815 807	191 819 175	2 073 452 811	2 265 271 986
Changes in net assets					
Transfer to Statutory Fund	(691)	-	(691)	691	-
Transfer to Capital Replacement Reserve	-	54 757 590	54 757 590	(54 757 590)	-
Property, plant and equipment purchased	-	(47 068 276)	(47 068 276)	47 068 276	-
Net income (losses) recognised directly in net assets	(691)	7 689 314	7 688 623	(7 688 623)	-
Surplus for the year	-	-	-	128 511 199	128 511 199
Total recognised income and expenses for the year	(691)	7 689 314	7 688 623	120 822 576	128 511 199
Total changes	(691)	7 689 314	7 688 623	120 822 576	128 511 199
Restated* Balance at 01 July 2020	2 677	199 505 121	199 507 798	2 194 275 388	2 393 783 186
Changes in net assets					
Transfer to Statutory Fund	(784)	-	(784)	784	-
Transfer to Capital Replacement Reserve	-	139 109 797	139 109 797	(139 109 797)	-
Property, plant and equipment purchased	-	(128 387 061)	(128 387 061)	128 387 061	-
Net income (losses) recognised directly in net assets	(784)	10 722 736	10 721 952	(10 721 952)	-
Surplus for the year	-	-	-	141 785 709	141 785 709
Total recognised income and expenses for the year	(784)	10 722 736	10 721 952	131 063 757	141 785 709
Total changes	(784)	10 722 736	10 721 952	131 063 757	141 785 709
Balance at 30 June 2021	1 893	210 227 857	210 229 750	2 325 339 145	2 535 568 895
Note(s)	22	23			

* See Note 61

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Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Interest income		39 460 362	47 701 077
Cash receipts from ratepayers, government and other		808 029 676	763 992 133
		<u>847 490 038</u>	<u>811 693 210</u>
Payments			
Finance costs		(11 933 512)	(14 452 515)
Cash paid to suppliers and employees		(620 278 243)	(583 721 565)
		<u>(632 211 755)</u>	<u>(598 174 080)</u>
Net cash flows from operating activities	46	<u>215 278 283</u>	<u>213 519 130</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	46	(195 719 518)	(100 407 910)
Proceeds from sale of property, plant and equipment		1 012 183	498 856
Purchase of investment property	46	(884 468)	-
Proceeds from sale of investment property		170 400	3 139 977
Purchase of other intangible assets		(1 621)	-
Net cash flows from investing activities		<u>(195 423 024)</u>	<u>(96 769 077)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		(10 017 935)	(11 710 277)
Finance lease receipts		784	691
Net cash flows from financing activities		<u>(10 017 151)</u>	<u>(11 709 586)</u>
Net increase/(decrease) in cash and cash equivalents		9 838 108	105 040 467
Cash and cash equivalents at the beginning of the year		630 365 897	525 325 430
Cash and cash equivalents at the end of the year	2	<u>640 204 005</u>	<u>630 365 897</u>

* See Note 61

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Property Rates	128 927 639	-	128 927 639	133 191 703	4 264 064	
Service charges - electricity revenue	318 741 198	-	318 741 198	323 771 828	5 030 630	
Service charges - water revenue	56 975 386	3 136 470	60 111 856	72 142 082	12 030 226	47.1
Service charges - sanitation revenue	42 218 132	760 597	42 978 729	44 858 307	1 879 578	
Service charges - refuse revenue	26 467 922	1 398 783	27 866 705	27 834 320	(32 385)	
Rental of facilities and equipment	1 495 250	416 300	1 911 550	1 657 704	(253 846)	47.2
Interest earned - external investments	30 712 017	2 965 516	33 677 533	36 523 594	2 846 061	
Interest earned - outstanding debtors	4 584 748	(2 131 086)	2 453 662	2 696 395	242 733	
Fines, penalties and forfeits	33 029 877	(10 542 900)	22 486 977	28 401 672	5 914 695	47.3
Licences and permits	3 759 150	550 000	4 309 150	4 627 268	318 118	
Agency services	4 876 000	500 000	5 376 000	4 986 897	(389 103)	
Transfers and subsidies	120 495 285	15 900 202	136 395 487	135 127 570	(1 267 917)	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	85 722 600	(6 459 287)	79 263 313	74 767 453	(4 495 860)	
Other revenue	10 688 671	4 306 000	14 994 671	16 766 990	1 772 319	47.4
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	1 141 000	(777 961)	363 039	323 181	(39 858)	47.5
Gains	200 000	2 959 835	3 159 835	14 557 449	11 397 614	47.6
Total revenue	870 034 875	12 982 469	883 017 344	922 234 413	39 217 069	

Expenditure

Employee related costs	(239 382 362)	(2 603 935)	(241 986 297)	(248 277 729)	(6 291 432)	
Remuneration of councillors	(11 471 485)	5 000	(11 466 485)	(10 856 724)	609 761	
Depreciation and asset impairment	(92 754 539)	999 999	(91 754 540)	(87 220 069)	4 534 471	
Finance charges	(11 933 512)	(2 020 927)	(13 954 439)	(13 954 440)	(1)	
Debt impairment	(43 914 873)	16 085 155	(27 829 718)	(31 531 872)	(3 702 154)	47.3
Bulk purchases	(251 000 000)	-	(251 000 000)	(252 179 935)	(1 179 935)	
Contracted services	(57 511 784)	(2 911 320)	(60 423 104)	(51 641 951)	8 781 153	47.7
Transfers and subsidies	(3 223 083)	(131 936)	(3 355 019)	(2 989 247)	365 772	47.8
Other materials	(33 242 266)	416 166	(32 826 100)	(31 864 876)	961 224	
Other expenditure	(44 038 189)	(1 202 797)	(45 240 986)	(32 233 210)	13 007 776	47.9
Losses	(9 446 448)	(10 490 805)	(19 937 253)	(17 698 651)	2 238 602	47.10
Total expenditure	(797 918 541)	(1 855 400)	(799 773 941)	(780 448 704)	19 325 237	
Surplus before taxation	72 116 334	11 127 069	83 243 403	141 785 709	58 542 306	

Swartland Municipality

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	72 116 334	11 127 069	83 243 403	141 785 709	58 542 306	

Swartland Municipality

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	20 128 503	(9 742 078)	10 386 425	17 051 800	6 665 375	47.11
Operating lease	-	-	-	70 067	70 067	47.12
Finance lease receivables	47 341	32 671	80 012	890	(79 122)	47.12
Consumer debtors	170 009 734	(82 879 327)	87 130 407	93 834 128	6 703 721	
Other receivables	43 832 944	(32 108 916)	11 724 028	22 517 300	10 793 272	47.13
VAT receivable	-	-	-	12 015 715	12 015 715	47.13
Cash and cash equivalents	453 566 184	156 805 031	610 371 215	640 204 005	29 832 790	
	687 584 706	32 107 381	719 692 087	785 693 905	66 001 818	

Non-Current Assets

Investment property	44 220 471	(10 126 735)	34 093 736	34 459 693	365 957	
Property, plant and equipment	2 089 770 949	(28 711 313)	2 061 059 636	2 067 865 876	6 806 240	
Intangible assets	301 092	364 764	665 856	697 646	31 790	
Heritage assets	1 119 900	-	1 119 900	1 119 900	-	
Finance lease receivables	1 986	(1 986)	-	1 003	1 003	
	2 135 414 398	(38 475 270)	2 096 939 128	2 104 144 118	7 204 990	

Total Assets

2 822 999 104 (6 367 889) 2 816 631 215 2 889 838 023 73 206 808

Liabilities

Current Liabilities

Other financial liabilities	11 845 665	(1 827 730)	10 017 935	8 463 163	(1 554 772)	47.14
Construction contracts payables	-	-	-	341 136	341 136	47.16
Operating lease liability	-	-	-	28 504	28 504	
Payables from exchange transactions	139 343 208	(29 507 912)	109 835 296	108 879 569	(955 727)	
Consumer deposits	15 314 093	866 835	16 180 928	15 296 606	(884 322)	
Employee benefit obligation	12 622 183	(3 143 138)	9 479 045	4 898 000	(4 581 045)	47.15
Unspent conditional grants and receipts	-	-	-	3 554 142	3 554 142	47.16
	179 125 149	(33 611 945)	145 513 204	141 461 120	(4 052 084)	

Non-Current Liabilities

Other financial liabilities	96 137 510	(34 838)	96 102 672	99 485 174	3 382 502	
Employee benefit obligation	107 497 782	(9 496 268)	98 001 514	75 135 000	(22 866 514)	47.15
Provisions	-	-	-	38 187 834	38 187 834	47.15
	203 635 292	(9 531 106)	194 104 186	212 808 008	18 703 822	

Total Liabilities

382 760 441 (43 143 051) 339 617 390 354 269 128 14 651 738

Net Assets

2 440 238 663 36 775 162 2 477 013 825 2 535 568 895 58 555 070

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Reserves						
Statutory Funds	-	-	-	1 893	1 893	
Reserves	183 579 372	15 928 426	199 507 798	210 227 857	10 720 059	
Accumulated surplus	2 256 659 291	20 846 736	2 277 506 027	2 325 339 145	47 833 118	
Total Net Assets	2 440 238 663	36 775 162	2 477 013 825	2 535 568 895	58 555 070	

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Interest income	34 609 053	1 502 142	36 111 195	39 460 362	3 349 167	
Cash receipts from ratepayers, government and other	728 988 195	97 768 537	826 756 732	808 029 676	(18 727 056)	
	763 597 248	99 270 679	862 867 927	847 490 038	(15 377 889)	
Payments						
Finance costs	(11 933 512)	-	(11 933 512)	(11 933 512)	-	
Cash paid to suppliers and employees	(639 869 169)	(9 918 223)	(649 787 392)	(620 278 243)	29 509 149	
	(651 802 681)	(9 918 223)	(661 720 904)	(632 211 755)	29 509 149	
Net cash flows from operating activities	111 794 567	89 352 456	201 147 023	215 278 283	14 131 260	
Cash flows from investing activities						
Purchase of property, plant and equipment	(212 435 837)	230 864	(212 204 973)	(195 719 518)	16 485 455	
Proceeds from sale of property, plant and equipment	200 000	1 842 098	2 042 098	1 012 183	(1 029 915)	47.17
Purchase of investment property	-	-	-	(884 468)	(884 468)	47.18
Proceeds from sale of investment property	-	-	-	170 400	170 400	47.17
Purchase of other intangible assets	-	-	-	(1 621)	(1 621)	
Net cash flows from investing activities	(212 235 837)	2 072 962	(210 162 875)	(195 423 024)	14 739 851	
Cash flows from financing activities						
Repayment of other financial liabilities	(11 845 665)	-	(11 845 665)	(10 017 935)	1 827 730	47.19
Increase (decrease) in consumer deposits	866 835	-	866 835	-	(866 835)	47.20
Finance lease receipts	-	-	-	784	784	
Net cash flows from financing activities	(10 978 830)	-	(10 978 830)	(10 017 151)	961 679	
Net increase/(decrease) in cash and cash equivalents	(111 420 100)	91 425 418	(19 994 682)	9 838 108	29 832 790	
Cash and cash equivalents at the beginning of the year	630 365 897	-	630 365 897	630 365 897	-	
Cash and cash equivalents at the end of the year	518 945 797	91 425 418	610 371 215	640 204 005	29 832 790	

Budget variances are discussed in Note 47.

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period with the exception of new standards implemented as per the below (1.1, 1.2 and 1.3).

1.1 Changes in accounting policies, changes in estimates and errors

Accounting Policies have been consistently applied, except where otherwise indicated. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

Standards that are not yet effective are included in policy 1.2 below. Accounting Standards implemented for the first time are listed in policy 1.3 below.

1.2 Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards were issued but are not yet effective and have not been early adopted by the municipality. The ASB Directive 5, paragraph 8, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

- Amendments to GRAP 104: Financial Instruments
- Guideline on Accounting for Landfill sites

The Guideline on Accounting for Landfill sites will become effective on 1 July 2021. Standards that have no impact on the operations and annual financial reporting of the municipality are not included.

The Guideline on Accounting For Landfill Sites was prepared in order to ensure consistency in the application of accounting practices for landfill sites across all municipalities and municipal entities. The Guideline was not early adopted, but was taken into account in preparing the accounting policies of the municipality as the same principles would have had to be applied since inception of the Provision for Landfill sites.

Accounting Policies

1.3 Consistent and new accounting policies

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, is disclosed below.

GRAP 18: Segment Reporting and GRAP 110: Living and Non-living resource are standards that are newly effective for the year ending 30 June 2021. These standards had no significant impact on the Statement of Financial Position, Statement of Financial Performance or Cash Flow Statement of the municipality as the standards only affected the presentation and disclosure of items in the notes to the annual financial statements.

Amendments were made to IGRAP 1: Applying the Probability Test on Initial Recognition of Revenue and IGRAP 20: Accounting for Adjustments to Revenue became effective during the year. The municipality also adopted the Guideline on The Application of Materiality to Financial Statements. IGRAP 1 and IGRAP 20 has no effect on the results on the municipality as the principles underpinned by these interpretations has already been applied. The materiality policy 1.6 has been updated in order to further explain the impact of our application of materiality.

The IGRAP 1 amendments did not have any impact on Traffic Fines revenue issued in terms of the current Criminal Proceedings Act system, but will only have an effect on fines issued in terms of the Amended Act (AARTO) that is expected to become effective on 1 July 2021. As the legislation is new, the possible impact cannot at this stage be determined. The legislation itself will significantly increase Traffic Fines revenue based on higher fine amounts being pronounced in Schedule 3 of the Amendment Act.

IGRAP 20: is a new interpretation that merely clarifies when an adjustment to revenue may be done prospectively as a change in estimate or a required to be a retrospective adjustment. The interpretation has no impact, as the municipality's current accounting treatment have been aligned to the requirements.

1.4 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.5 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

In assessing whether the going concern assumption is appropriate under the current economic climate resulting from the COVID-19 pandemic, management considered a wide range of factors including the current and expected performance of the municipality, the likelihood of continued government funding and, if necessary, potential sources of replacement funding.

1.6 Materiality

Management has applied its judgement in terms of assessing all matters in the financial statement with reference to materiality. Items are reported based on aggregation and in some instances, the aggregation would result in some standards of GRAP not being applied as the items affected by these standards were assessed as not being material. Items of dissimilar nature may be aggregated provided that these items are not material and that the aggregation is based on management's procedures to allow the discharge of accountability (when the same manager is responsible for items that meets the requirement of more than one accounting standard).

Both the qualitative and quantitative characteristics of an items is considered when applying materiality. Care is taken to ensure that these annual financial statements provide users with the most suitable information in order to evaluate the performance of the municipality.

A capitalisation threshold to assets were applied in order to reduce the administrative cost of subsequent asset management requirements. The capitalisation threshold is included in the asset management policy published on the municipal website. Control lists are kept to ensure that immaterial assets remain monitored and to reduce spent on replacing such assets. Once an item is considered immaterial, no roll-forward of immaterial amounts are required.

Certain other balances and classes of transactions were also aggregated until the individual line items disclosed provide information of at least 90% of the entire population and that the remaining balance of such balance or class of transactions is not quantitatively or qualitatively material. The aggregation is performed in order to reduce the number of line items that are presented resulting in improving the understanding of the users of the annual financial statements. This greatly improves the ability of users to understand the key performance delivery factors as well as how the municipality managed public funds.

Accounting Policies

1.6 Materiality (continued)

Management has applied its judgement in terms of materiality and has determined a trivial threshold of R100 000. This threshold will be used to evaluate variances such as differences in the budget comparison and movements on the impairment of Statutory Receivables. This threshold does not imply that all totals of R100 000 or less would automatically be excluded from the annual financial statements. It merely determines a cut-off value where no further disclosures or corrections would be made. Items where the balance is less than R100 000 would first need to be evaluated in terms of the origin of such an amount. If a balance is less than R100 000, but significant debits and credits are set-off in order to arrive at such a net balance, such balance should still be disclosed due to the significance of the individual items that comprise such a balance. The operating lease asset, operating lease liability and VAT was therefore still be separately disclosed.

Prior period errors are only corrected when these are found to be material. All immaterial prior period errors are corrected in the current year and the opening balance and comparative figures will not be corrected.

Materiality is reviewed annually and only when an error in prior year's judgement is identified based on information existed at the time of publication of the annual financial statements would prior period immaterial errors be rolled forward and reassessed in the current year based on the revised materiality considerations.

1.7 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. If the revision affects future periods as well, the revision will be recognised when the estimate is revised.

The municipality strives toward ethical reporting thus transparent yet concise insights into the applied judgements and financial uncertainties, which the municipality faces as a result of the COVID-19 pandemic. The assessed impact of the lockdown on the current year has been included in Note 69 to the financial statements.

The following are the critical judgements, apart from those involving estimations, that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the annual financial statements:

Financial Instruments and Statutory Receivables

The classification of Financial Assets and Liabilities as well as Statutory Receivables require judgement. The accounting policy 1.8 on Financial Instruments: Classification as well as the accounting policy 1.9 on Statutory Receivables: Definitions describes the factors considered in applying management's judgement.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments and GRAP 108: Statutory Receivables.

Receivables are considered past due when payment is not received by the due date. If a debtor receives a statement, all amounts in the 30 days and older columns are those considered past due in terms of the municipal by-laws.

A detailed assessment was done in order to determine whether grant related items: Unspent Grants and Construction Contracts, should be classified as a Financial Instrument or not. Specifically, the GRAP FAQ for Statutory Receivables was used whilst being cognisant of the requirements of both AG.29 and AG.29A of GRAP 104. After careful consideration of the specific facts applicable, the requirements of the FAQ were found to reflect the best version of events for Swartland Municipality. The facts and circumstances for municipalities may differ, resulting in different conclusions as to whether unspent grants and construction contracts should be considered a financial instrument. For Swartland Municipality, the majority of revenue is recognised based on the terms agreed rather than the underlying legislation which supports the grant. The majority of grant related funds are firstly based on a contract/arrangement falling within GRAP 104 and in these arrangements reference would be made to the relevant legislated requirements.

Accounting Policies

1.7 Significant judgements and sources of estimation uncertainty (continued)

Impairment of Financial Assets

The accounting policy on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, management of the municipality considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. Management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

Impairment of Trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. The recoverability of receivables is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The impairment allowance is calculated using the effective interest rate (prime +1%). The total increase in estimation of the impairment of Receivables from Exchange Transactions and that of Receivables from Non-exchange Transactions are disclosed in Notes 3, 4 and 5 to the Annual Financial Statements.

Impairment of Statutory receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such a receivable. Debtors are grouped into appropriate aggregated grouping levels when insufficient information is available to assess individual debtors. Aggregation is based on best practice and receivables are assessed on historic information available. Thereafter the past due (accounts in arrears, i.e. not current), but not impaired debtors are subjected to a further impairment test taking into account the effect of time resulting in a discounting of debtors being included as a further factor for impairment of statutory receivables. Outstanding receivables that are past due are charged interest at prime +1% in terms of the municipal by-laws. This is considered the appropriate discount rate as it is market based. Only those receivables that are not subject to an interest charge would be assessed in terms of discounting as those that are subject to an interest charge would accumulate interest at the same rate as the discount rate.

Significant movements on impairments are defined as those movements that exceeds 10% of the gross balance of the relevant statutory receivable type at year end or R100 000, whichever is the greatest. Qualitative factors are considered with reference to exceptions to the normal process for identification of impairment losses. This implies disclosing losses incurred due to circumstances that are unique to the specified period or unique to the municipality in comparison to other municipalities with a similar capacity.

Impairment and useful lives: Write down of Property, Plant and Equipment, Investment property, Intangible assets, Heritage assets and Inventories

As described in the accounting policies 1.11, 1.14 and 1.15 for these asset types the municipality depreciates / amortises its property, plant and equipment, intangible assets and investment property over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

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

The accounting policies 1.17 and 1.18 on Impairment of assets and accounting policy 1.11 on Inventory - Subsequent measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing and write down of Inventories to Net Realisable Values (NRV). Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lower of Cost and Net Realisable Value.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-Cash generating Assets. In particular, the calculation of the recoverable service amount for Property, plant and equipment, intangible assets and the NRV for inventories involves significant judgment by management.

Accounting Policies

1.7 Significant judgements and sources of estimation uncertainty (continued)

Estimated impairments during the year to Inventory, Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets are disclosed in Notes 44 to the annual financial statements, as applicable.

The municipality reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in notes 21 and 50. Accounting policies pertaining to contingent assets and liabilities are disclosed under policy 1.21.

Staff leave and bonuses

The liability for leave pay is based on the total accrued leave days at year end and is shown as a payable from exchange transactions in the Statement of Financial Position. The municipality recognises the accrual of a guaranteed 13th cheque benefit only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made. The estimation is based on the current expected cost at the time of meeting the recognition criteria.

Leave and the guaranteed 13th cheque liabilities are estimates. However the nature of the balance is an accrual of unused benefits arising from past service and therefore this is classified as a payable from exchange transactions (excluded from the financial instruments).

Environmental Rehabilitation Provision

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy (1.20), taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance. Changes in market values are capitalised while the unwinding of interest is recognised as a Finance Charges in the Statement of Financial Performance.

In terms of the Minimum Requirements for Waste Disposal by Landfill a period of up to 30 years post-closure monitoring is recommended. This 30 year period is a recommendation and the Minister of the Department of Water and Sanitation needs to instruct the municipality as to what the exact period of post-closure monitoring would be. This instruction would be communicated in terms of each site's license conditions. The period could be shortened or prolonged, depending on specific conditions that will only become known while the actual rehabilitation activities are planned and undertaken. The extent of the monitoring (frequency of monitoring) and the costs involved (whether external experts are required or whether the monitoring be done in-house) can also not yet be determined. No communication has been received from the Department of Water Affairs and Sanitation defining the responsibilities of the municipality regarding the post-closure of any landfill site on the licenses of each site. Therefore, the monitoring and inspection costs post closure of landfill sites are regarded to not exist at the reporting date.

Post-retirement benefits

As described in the accounting policy on Employee Benefits (1.19), municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 20 to the annual financial statements.

Accounting Policies

1.7 Significant judgements and sources of estimation uncertainty (continued)

Revenue recognition

The Accounting Policy 1.23 on Revenue from Exchange Transactions and Accounting Policy 1.24 on Revenue from Non-exchange Transactions describe the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered or not. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Construction contracts (1.10) are specifically excluded from the scope of GRAP 9: Revenue from Exchange Transactions. However since the nature of the construction contract revenue meets the definition of an "exchange transaction", the line item is disclosed under this header for presentation and disclosure purposes in the Statement of Financial Performance.

Water inventory

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

1.8 Financial instruments

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Effective interest rate method

Outstanding receivables that are past due are charged interest at prime +1% in terms of the municipal by-laws. This is considered the appropriate effective interest rate as it is market based. For all other instruments, the contractual rate is compared to the market rate. If the rate is considered reasonable in comparison to the prevailing market rates (i.e. the rate is linked to a market rate such as the prime or repo rate), the contractual rate is considered an appropriate effective interest rate. Where a contractual rate deviates significantly from the market rate, the debtors' rate (prime + 1%) will be used as an effective interest rate.

Fair value method and assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices; and
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Classification

A Financial Asset is any asset that is cash, a contractual right to receive cash or another financial asset from another entity.

Accounting Policies

1.8 Financial instruments (continued)

In accordance with GRAP 104 the Financial Assets and Financial Liabilities of the municipality are classified as follows into the three categories allowed by this standard:

- *Financial assets (or financial liabilities) 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. Financial assets (or financial liabilities) at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. After initial recognition financial assets are measured at amortised cost, using the effective interest rate method less an allowance for impairment.
- *Financial assets (or financial liabilities) at fair value are financial instruments that meet either of the following conditions:*
 - a. derivatives;
 - b. combined instruments that are designated at fair value;
 - c. instruments held for trading;
 - d. non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - e. financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.
- Financial assets (or financial liabilities) 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.

Included under the major classes of financial instruments below, are line items that are separately disclosed in the notes that do not meet the definition of a financial instrument (such as Prepaid expenses, Payments made in advance etc.). The balances are clearly identifiable by the naming of the line items. Such items are excluded from the balances disclosed in Notes 55 and 56. In rare instances, aggregation within a line item of a note might contain both financial instruments and balances that do not meet the definition of a financial instrument. In these cases the individual line items would be assessed with reference to its significance. Where insignificant, non-financial instruments would be included in the aggregated line items that would normally meet the definition of a financial instrument. This disclosure aggregation was specifically selected to ensure comprehensive classification.

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Cash and cash equivalents (*)	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Finance lease receivables	Financial asset measured at amortised cost
Construction contracts receivables	Financial asset measured at amortised cost

Cash and cash equivalents include cash on hand (including petty cash) and cash with banks. Cash equivalents are both short-term highly liquid investments, readily convertible into known amounts of cash, and fixed term deposits that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash with banks and call deposits held with banks.

In accordance with GRAP 104 the Financial Assets of the municipality are all classified as financial assets at amortised cost, (*) except for cash floats and petty cash, which are classified as financial assets at fair value.

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:

- Financial Liabilities measured at Fair Value;
- Financial Liabilities measured at Amortised Cost; or
- Financial Liabilities measured at Cost.

Swartland Municipality

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Accounting Policies

1.8 Financial instruments (continued)

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at fair value
Unspent conditional grants and receipts	Financial liability measured at amortised cost

In accordance with GRAP 104 the Financial Liabilities of the municipality are all classified as financial liabilities at amortised cost, except for Consumer deposits, which are classified as financial liabilities at fair value.

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

Impairment and uncollectibility 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 (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

An allowance 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. The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial. 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. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Initially receivables from exchange and non-exchange transactions are valued at fair value and subsequently carried at amortised cost using the effective interest rate method, less an allowance for impairment. The allowance is made in accordance with GRAP 104, whereby the recoverability of receivables is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as recoverable. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at year-end. Amounts are written off in the year during which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

Annual impairment testing is conducted on all receivable balances. The effects of the annual impairment testing are accounted for against the Provision for Bad Debts Allowance. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance against the Reversal of Impairment Loss/(Impairment Loss) on Receivables. Accounts identified and written-off during the year is recognised against Bad Debts Written Off 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 loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition

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, except when Council approves the write-off of Financial Assets due to non-recoverability.

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

Accounting Policies

1.9 Statutory receivables

Definitions and measurement principles

Statutory Receivables are those receivables that arise from legislation as opposed to contractual deliverables. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments (1.8).

Statutory receivables are classified and recognised as exchange or non-exchange in accordance with the relevant standards on revenue and essentially based on whether there is a supply of goods and services in exchange for economic benefits of similar value.

Initial Measurement

Statutory receivables are measured at their transaction amount in accordance with the relevant standards on revenue based on the classification between exchange and non-exchange (refer accounting policies 1.23 and 1.24 respectively).

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

Subsequent measurement

Statutory Receivables are measured at cost, plus nominally accrued interest, less any impairment recognised.

Interest is calculated using the nominal interest rate as stipulated in legislation and municipal by-laws.

Impairment losses

Impairment is assessed on an annual basis based on objective evidence regarding expected recoverability.

Consumers are assessed based on groupings, risk profiles and payment history profiles.

Governmental debtors are not impaired unless there is evidence that such debtor is under significant financial difficulty such as business rescue or similar legal recourse indicating that the receivable is partially or completely irrecoverable.

If there is an indication that a statutory receivable may be impaired, the entity 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 shall be reduced directly or through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

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.

Refer to the Significant Judgements (Policy 1.7) for the calculation in respect of the impairment of Statutory Receivables.

Derecognition

Statutory receivables are derecognised when the asset is extinguished, settled or through transferring of all significant risks and rewards to a third party.

Extinguishing the asset would usually be in terms of legislation or other similar means.

De-recognition also occurs where despite having retained some significant risks and rewards of ownership of the receivable, control of the receivable is transferred to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

The difference between the consideration received and amount derecognised shall be recognised in the surplus or deficit of the period of transfer.

Accounting Policies

1.9 Statutory receivables (continued)

Transitional provisions

Over time our understanding and insights as to the requirements of a new standard improves. Therefore, municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and impairment methods for Statutory Receivables. To date, the application of the requirements of this standard has been consistent with prior years.

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

1.10 Construction contracts receivables

Construction contracts are those contracts entered between the municipality and a customer (or third party) whereby the municipality delivers a constructed asset in terms of an agreement with such party. The construction can be done by the municipality or through the use of a sub-contractor. The benefit of the constructed item (or group of items) must be received by such party and not the municipality.

Revenue from such contracts shall comprise the agreed value in terms of the contract plus any agreed variations to such contract on the conditions that these variations will result in an inflow of economic resources that can be measured reliably (refer accounting policy 1.23).

Contract costs are costs that directly relate to the contract as well as costs that are attributable to the execution of the construction work and any additional costs as agreed between the municipality and the party obtaining the final goods. Attributable costs are only assigned to the contract costs if these can be assigned on a systematic and rational basis.

All of these contracts of the municipality are fixed price contracts. Revenue and costs are therefore recognised with reference to the stage of completion provided that the conditions for contract revenue and contract costs are met and the stage of contract completion can be measured.

In exceptional cases, if any, for a cost plus or cost based contract, the outcome of a construction contract can be estimated reliably when it is probable that the economic benefits or service potential associated with the contract will flow to the entity and the contract costs can be clearly identified and measured reliably.

An expected deficit on a construction contract shall be recognised as an expense immediately based on the stage of completion. Future losses are only accounted for when these losses are incurred in terms of the stage of completion. This implies that only the proportional loss of a contract would be recognised based on the percentage of completion.

As the percentage or stage of completion is an estimate at year-end, any subsequent changes to the estimate would be accounted for as a change in estimate in terms of the relevant municipal accounting policy.

Classification of Transactions

Various transactions arise from the Housing Arrangements. Some fall within the ambit of GRAP 11: Construction Contracts, others with GRAP 9: Revenue from Exchange Transactions, GRAP 23: Revenue from Non-exchange Transactions and GRAP 109: Principal Agent Arrangements. The information below briefly outlines how transactions are recognised:

- Expenditure pertaining to the planning and civil services of a project is considered to be Grants and subsidies in terms of GRAP 23: Revenue from Non-exchange transactions
- Expenditure on the stand (also known as top structure expenditure) include the physical building, NHRBC fees and other expenses that are directly related to construction of houses that will be transferred to the beneficiary is accounted for as construction contract revenue and construction of low cost housing (contracted service expenses).
- Receipts directly attributable to the administration of beneficiaries are accounted for under Operational Revenue as Housing services rendered in terms of GRAP 9: Revenue from Exchange Transactions.
- Receipts that are received to register the title deed in the name of the beneficiary are regarded as receipts and payments on behalf of the beneficiaries in terms of GRAP 109: Principal Agent Arrangements.
- Land parcels purchased by means of receipts from the Provincial Department are assessed in terms of IGRAP 18: Recognition and Derecognition of Land. The portions of the expenditure that will remain under the control of the municipality is capitalised as Property, Plant and Equipment when the future use is determinable. When such future use cannot be determined, such land will be accounted for as Investment Property based on the municipal policy pertaining to such land. The portion of land expenditure that will be transferred to the beneficiaries are expensed once the contract is signed. The expense and receipts pertaining to land transactions are included under Loss on sale of Property, Plant and Equipment and Gains on Sale of Land respectively.

Accounting Policies

1.11 Inventories

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

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

The term ordinary course of operations refers to activities that occur on a frequent basis on terms that are comparable to those of other municipalities. Once-off or occasional transactions are therefore not considered in the ordinary course of operations (such as the sale of a financial instrument).

Subsequent measurement

Consumable stores, raw materials, work-in-progress

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge or for consumption in the production process of goods to be distributed at no charge or for a nominal charge, they are valued at the lower of cost and current replacement cost.

Water inventory

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

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water and purified effluent are therefore valued at purified cost insofar as it is stored and controlled in reservoirs at year-end.

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

Unsold properties

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.

Other arrangements

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Most inventories are distributed at no charge or for a nominal charge rather than sold. Net realisable value is therefore measured in terms of Current Replacement Cost. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

1.12 Leases

The Municipality as Lessee

Operating leases are those leases that do not fall within the scope of a finance lease receivable. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Accounting Policies

1.12 Leases (continued)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality as Lessor

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

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as revenue and the contractual payments received are recognised as an operating lease asset or liability.

Determining whether an Arrangement contains a Lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset.

At inception, or upon reassessment of the arrangement, the municipality separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the municipality's incremental borrowing rate.

1.13 Value-added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

The net amount of VAT recoverable from, or payable to SARS is included as part of receivables or payables in the Statement of Financial Position.

1.14 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for service delivery in terms of the mandated functions of the municipality and are expected to be used during more than one period.

Property, plant and equipment is recognised and measured in terms of GRAP 17: Property, plant and equipment at cost less accumulated depreciation and accumulated impairments.

In terms of the municipal materiality framework, a capitalisation threshold has been developed to ensure that the administrative burden (costs) of reporting assets does not exceed the economic benefits or service potential of the assets.

Repairs and maintenance

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 48).

Depreciation

Depreciation only commences when the asset is available for use, unless stated otherwise.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Accounting Policies**1.14 Property, plant and equipment (continued)**

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year-end:

Item	Depreciation method	Average useful life
Buildings	Straight-line	10 - 60 years
Infrastructure	Straight-line	
• Electricity		10 - 50 years
• Landfill sites		10 - 50 years
• Sewerage		10 - 100 years
• Stormwater		50 years
• Roads and paving		10 - 100 years
• Water		10 - 100 years
Community	Straight-line	10 - 60 years
Movable assets	Straight-line	
• Furniture and fittings		5 - 20 years
• Machinery and equipment		5 - 15 years
• Machinery and equipment exception: Large Skip Bins		30 years
• Office equipment		3 - 10 years
• Specialised vehicles		5 - 20 years
• Vehicles		5 - 10 years

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate. The residual values and useful lives is deemed to be appropriate unless an event has occurred or conditions of use have changed, which may have an effect on the residual values and remaining useful lives of these assets.

Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. The municipality assesses at each reporting date if there is an indication of impairment.

Leased assets

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

Infrastructure Assets

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

If cost can however not be established, then infrastructure assets will be initially measured and recognised at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market.

Land

The municipality assesses at each reporting date if there is an indication of impairment.

Land is recognised and derecognised based on evidence of control. Control over land is evidenced by legal ownership and/or the ability to direct access to the land and to restrict or deny the access of others to land.

In assessing the control criteria, any binding arrangements over properties will be considered. Binding agreements can be in written form, a verbal agreement or the result of best practice.

Accounting Policies

1.14 Property, plant and equipment (continued)

The loss of control will result in the derecognition of the property, despite legal title, while assets over which the municipality does not hold the legal title may be recognised as an asset if control over the property has been established.

Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. Disposals can be voluntary or involuntary of nature.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

1.15 Investment property

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, or the sale of an asset in the ordinary course of operations.

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

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality);
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties;
- Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

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 recognised at cost. Transaction costs are included in the initial measurement.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment or Inventory as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is leased to another entity under a finance lease;
- Property held by council for strategic purposes or to meet service delivery objectives rather than to earn rental or for capital appreciation; and
- Where council has properties that are used both for administrative and commercial purposes and part of the properties cannot be sold separately these properties will not be classified as investment properties.

Accounting Policies

1.15 Investment property (continued)

Repairs and maintenance

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the financial statements (see note 48).

Subsequent measurement - Cost model

Investment property is measured using the cost model. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Land is not depreciated. The municipality assesses at each reporting date if there is an indication of impairment or whether the residual values and useful lives needs to be adjusted as a change in estimate.

Derecognition

Investment property shall be 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.

1.16 Living and non-living resources

Living resources are defined as any living animal or plant that undergoes biological changes naturally. Only once the municipality has evidenced control over the living resource by means of one or more of the following:

- Our ability to intervene in the physical condition of the resource;
- Our ability to restrict the movement of the resource through fences and other security measures; and
- Our ability to decide how the resource is used.

Only those resources where management implements actions in order to use and protect the use of the living resource will be recognised.

Management considers its intervention in physical condition of living resources as critical for the recognition as an asset. In this regard, detailed plans should be in place in order to stimulate the growth and monitor the ageing of the resource. Ad hoc, unplanned activities such as the watering of plants and trimming of trees do not constitute intervention and as such town beautification would not meet the recognition criteria. No living resources were identified as controlled by the municipality. Therefore the considerations as to recognition and measurement is not considered relevant.

As an eventuality, management will acquire city beautification from time to time. In order to fulfil the municipalities mandate (for example conversation of community parks, supply electricity) it would be required from time to time to do maintenance of trees and plants. The purpose however is not the manage or extent the physical condition, in order to obtain future economic benefits or services from the trees, but to preserve the area (for e.g to prevent veld fires) or promote the area for tourism. Therefore, management does not control the trees and plants as a living resource, that requires separate recognition.

Non-living resources are those resources that occur naturally and have not been extracted. Minerals, oil, water and land are examples hereof. Living resources are only disclosed when:

- Management intervenes in the processes as part of the municipal mandate in order to deliver goods or services. This intervention must be at the point before extraction while the resource is still in its natural state.
- Intervention must be preceded by either extraction or utilisation of the resource.

Management only identified water resources as no other natural resources are prevalent within our jurisdiction.

Water contained in reservoirs and pipes are considered to be extracted and is therefore accounted for as Inventory in terms of GRAP 12.

1.17 Impairment of cash-generating assets

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

It is expected that some assets may have a dual-purpose. A dual-purpose asset is only classified as cash-generating (profit assets) if the purpose to create a profit clearly stands out and the service delivery aspect is incidental. If the purpose is not clear, the assets are presumed to be non-cash-generating (service assets).

Accounting Policies

1.17 Impairment of cash-generating assets (continued)

The designation may be done on an asset or group of assets, where a group of assets is a unit of assets operating together. In the designation process assets are first designated using a group of assets and any remaining assets are then designated on an individual asset basis. The designation is applied to individual assets. An asset could comprise a group of assets that are part of a system or network.

Assets are reviewed annually for indicators that these needs to be impaired. Only once an impairment indicator for an asset or group of assets is identified will the recoverable service amount be measured. Therefore, if no adverse indicators are prevalent, management would not assess the recoverable service amount.

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 (amortisation).

The recoverable value is the higher of the asset's value in use or its fair value less cost to sell.

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.

The following are examples of impairment indicators used by management:

- During routine physical inspection of the asset there was evidence of physical damage (or obsolescence);
- The asset is not being used, or access to the asset is restricted, due to structural damage.
- The asset is not able to perform at the planned or required level and as a result is not meeting service delivery targets.
- During routine physical inspection of the asset it was identified that the asset deteriorated faster than expected, or was subject to damage, which will result in replacement or significant maintenance earlier than expected.
- Due to technological advances or environmental requirement, the asset may need to be taken out of service.

Physical damage would trigger an impairment test when it results in a permanent or significant decline in the service potential of the asset. Judgement is needed to determine whether the decline is permanent or significant. In certain circumstances evidence may be available to demonstrate that the impairment will be temporary. In such circumstances, no impairment loss will be recognised.

Where the recoverable amount is less than the carrying amount, the carrying amount will be reduced to the recoverable service amount by way of an impairment loss. The impairment loss will be recognised as an expense as part of the gains and losses disclosed in the Statement of Financial Performance.

1.18 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets. Refer to the policy 1.17 for the impairment indicators.

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 (amortisation).

The recoverable value is the higher of the asset's value in use or its fair value less cost to sell.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. A temporary decline does not have to be accounted for as an impairment, but only if evidence can be provided that the decline is temporary in nature.

The recoverable amount is assessed by either the Depreciated Replacement Cost, Restoration Cost or Service units approach. The selection of the approach is based on the circumstances as per management judgement of each impairment indicator of each asset.

Assets are reviewed annually for indicators that these needs to be impaired. Only once an impairment indicator for an asset or group of assets is identified will the recoverable service amount be measured. Therefore, if no adverse indicators are prevalent, management would not assess the recoverable service amount.

Where the recoverable amount is less than the carrying amount, the carrying amount will be reduced to the recoverable service amount by way of an impairment loss. The impairment loss will be recognised as an expense as part of the gains and losses disclosed in the Statement of Financial Performance.

Accounting Policies

1.19 Employee benefits

Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay and for the 13th Cheque accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as an accrual in the Statement of Financial Position.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Long Service Awards

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

Post-retirement benefits

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

Defined Contribution plans

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

Defined Benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Accounting Policies

1.19 Employee benefits (continued)

Post-retirement Health Care Benefits

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

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

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

1.20 Provisions and contingencies

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money.

When the outflow of economic benefits or service potential is no longer probable the provision will be derecognised.

Accounting Policies

1.20 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

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

The related asset is measured using the cost model:

- Changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.17 and 1.18.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs. The municipality applies a single discount rate to all sites as the effect of differential rates is immaterial and as this allows our sites to be comparable with each other.

1.21 Contingent assets, contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the Annual Financial Statements.

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not fully within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

Commitments are future expenditure to which the municipality has committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

Lease commitments as defined per GRAP 13: Leases are disclosed in note 9. Operating commitments are not disclosed as the municipal annual budget is available on the municipal website.

Commitments are disclosed for:

- Items are classified as capital commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources;
- Approved and contracted capital commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP; and
- Contracts to purchase, construct or develop assets or for repairs, maintenance or enhancements to assets, that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the Notes to the Annual Financial Statements.

Accounting Policies

1.22 Net Assets

Included in the net assets of the municipality, are the following statutory funds and reserves, apart from the Accumulated Surplus, that are maintained in terms of specific requirements:

Statutory Fund: Housing (HDF)

Sections 15(5) and 16 of the Housing Act (Act No107 of 1997), which came into operation on 1 April 1998, required that the municipality maintains a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act. Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to this Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were transferred to this Fund. In terms of the Housing Act all proceeds from housing developments, which include rental income and sales of houses, must be paid into this Fund. Funds available in this Fund can only be utilised to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The HDF is backed by cash, receivables and assets. The cash funds in the HDF are invested in accordance with the Investment Policy of the municipality.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.

Reserve: Capital Replacement (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers. The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Entity.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR.

1.23 Revenue from exchange transactions

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

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

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.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Accounting Policies

1.23 Revenue from exchange transactions (continued)

Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are normally read on a monthly basis and are recognised as revenue when invoiced. Where meters are not read monthly, provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end 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.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month or a property is vacant.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly in arrears.

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

Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. In respect of consumption between the last point of sale and the reporting date, an accrual is made based on the average daily consumption (for the period 1 July to 30 June) of consumers as per an internal system estimation report.

Finance income

Interest earned on investments is recognised in the Statement of Financial Performance when the interest is receivable.

Tariff Charges

Revenue arising from the application of the approved tariff policy is recognised when the relevant service is rendered by applying the relevant authorised tariff.

Income from Agency Services

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

Rentals

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

Sale of goods (including houses)

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

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

Accounting Policies

1.23 Revenue from exchange transactions (continued)

Interest and dividends

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Construction contract revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

Revenue is recognised and measured in terms of GRAP 11: Construction Contracts rather than GRAP 9: Revenue from Exchange Transactions.

1.24 Revenue from non-exchange transactions

An inflow of resources from a non-exchange transaction that meets the definition of an asset, is recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a non-exchange transaction that meets the definition of a liability is recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

Interest earned on investments is recognised in the Statement of Financial Performance when the interest is receivable.

Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Rates and taxes

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

Debt forgiveness

All unclaimed deposits are initially recognised as a liability until 36 months expires, where after all unclaimed deposits, which were deposited into the Municipality's bank account, will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the Prescribed Debt Act. Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Accounting Policies

1.24 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting municipality.

Public contributions

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

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

Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

Other Donations and Contributions

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

Services in-kind

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality discloses the nature and type of services in-kind received during the reporting period. No services in-kind were noted that is significant to the operations of the municipality.

1.25 Government grants and receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. 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 criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never been 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. Often these unspent grant liabilities are cash backed.

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

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, as the qualifying expenditure is incurred.

Interest earned on investments is treated in accordance with grant conditions. 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.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.26 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.27 Grants and subsidies paid

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

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

These transfers are recognised in the statement of financial performance as expenses in the period that the events given rise to the transfer occurred.

1.28 Treatment of administrative overheads

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

1.29 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted or is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

The definition of "vote" for Swartland Municipality is set at the Functional area within the respective department.

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 would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred and is classified in accordance with the nature of the expense. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

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

1.31 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32 Material losses

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply with the legislative requirements governing Municipalities and Municipal Entities. Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the Weighted Average Method as defined by GRAP 12 (Inventories).

Accounting Policies

1.33 Service concession arrangements

Identification

Service concession arrangements of the municipality include the provision of mandated functions on behalf of the municipality by the operator for a specified period of time, for which the operator is compensated for its services over the period of the service concession arrangement.

Initial recognition and measurement

Service concession assets are measured initially at fair value except where the assets are existing assets of the municipality in which case the assets are reclassified at their carrying amounts. Service concession assets will be identified separately.

The service concession liability is recognised and initially measured at:

- the same amount as the service concession asset,
- adjusted by the amount of any other consideration (e.g., cash) from the municipality to the operator, or from the operator to the municipality.

Subsequent measurement and derecognition

Service concession assets are measured initially at fair value except where the assets are existing assets of the municipality in which case the assets are reclassified at their carrying amounts.

After initial recognition, the municipality applies the measurement (including impairment) and derecognition principles to the service concession asset applicable to similar items of Property, Plant and Equipment, Intangible Assets or Heritage Assets.

The municipality accounts for the liability as a financial liability when the municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset.

The municipality allocates the payments to the operator and account for them according to their substance as a reduction in the service concession liability, a finance charge, and charges for services provided by the operator.

Other liabilities, contingent liabilities, contingent assets and revenues

The municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial instruments.

The municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the principles of Revenue from exchange transactions.

Dividing the arrangement

When the municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Refer to note 59 for the disclosure of the service concession arrangement assets, liabilities, revenue and expenditure.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

Where the municipality controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the municipality recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement. The value of the receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

Accounting Policies

1.34 Accounting by principals and agents

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

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

Identification

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

- Who determines significant terms
- Who receives the benefit from the transactions
- Is the municipality exposed to the variability of the outcome

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

Binding arrangement

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. Substance over form is applied. Therefore the exact wording over contracts where the terms agent or acting on behalf are used are considered, but only to the extent that rights and obligations are substantially transferred. Where rights and obligations are not transferred, the transaction is considered a normal supplier/customer relationship and accounted for as such.

Administrative rights, such as those resulting from a collection agency agreement are not considered sufficient grounds for a principal agent relationship. The agent or principal arrangement needs to confer rights and obligations that give the counter party the ability to execute transactions as if it is acting on the other party's behalf. A collection agency only collects revenue and pays such revenue over to the municipality. It has no authority to deviate or alter on any significant terms and therefore is not considered an agent per the definition of the standard.

1.35 Segment reporting

The segments reported is the functional segments as per the Monthly Section 71 Management Reports. The information that will be reported is aligned to the monthly section 71 reports which are reviewed by the executive management. The key factor considered is therefore the manner in which management has chosen to organise the entity around differences in goods and/or services to the public.

None of management's segments were aggregated as each segment contains material goods or services. Activities are already aggregated for purposes of strategic review as outline in the table below.

The level of aggregation is summarised in the table below:

Segment	Functions	Revenue	Unique expenditure
Vote 1 - Corporate Services	Property management (rentals, sales), Legal services, Human Resources, Record Management, Public Relations, Communication, Tourism and Libraries	Grants (Library and Other), Sale of Land, Libraries, Rental income	Communication (Operational Costs), Ward Committees
Vote 2 - Civil Services	Roads, Waste Management, Waste Water Management, Water Management, Management of facilities (buildings, parks etc.)	Trading Services (except electricity), various grants (e.g. MIG, Roads etc.)	Water consumed and water losses, Solid Waste
Vote 3 - Council	Councillors, Speakers, Mayor	Allocated	Remuneration of councillors, Grants and subsidies paid
Vote 4 - Electricity Services	Electricity, Information Technology	Electricity, Grants	Electricity bulk purchases
Vote 5 - Financial Services	Budgeting, Credit Control, Supply Chain, Financial Systems and Reporting, Revenue administration, Expenditure Management, Asset Management	Interest received, Property rates, Gains on vesting of properties and equipment, Land Sales	Bad debts, Finance Costs, Impairments for receivables

Swartland Municipality

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Accounting Policies

1.35 Segment reporting (continued)

Vote 6 - Development Services	Community Development (Social services), Human Settlements, Health and Safety, Town Planning, Valuations, Building Inspections	Grants (Housing and other), Construction Contracts, Majority of Operational Revenue (Building Plans, Camping)	Low Cost Housing, Health and Safety
Vote 7 - Municipal Manager	Executive Management, Strategic Services and Internal Audit	Allocated	Majority of expenditure pertains to salaries and depreciation
Vote 8 - Protection Services	Traffic and Law Enforcement, Fire and Emergency Services	Grants, Fines, Licences and Permits	Traffic Fine Management, Bad debts and debt impairment for traffic fines. Most of the COVID-19 related expenditure

Grant revenue is shared by all departments as these are applied for. Certain grants are directly contributable to specific votes, such as Electricity or Library (Corporate) and Housing (Development). Equitable share is however allocated to each department based on the approved budget.

All other expenditure is generic and shared by all departments: Employee Costs, Contracted Services, Operational costs, Other Materials (consumables). The administration of assets occur within Financial Services, but the losses are allocated to each department.

Details of each activity of the municipality is disclosed in the annual performance report.

The municipality manages its operational revenue and expenditure, assets and liabilities geographically as a whole. Only capital expenditure is reviewed based on the location. All other asset and liability management techniques are focused on the asset base as a whole rather than the asset and liability management for a specific area. Service delivery staff are organised in such a manner that service delivery takes place timeously in each town, but it's not a strategic principle to organise assets and liabilities in such a manner that each town is its own small economic/service delivery unit that can operate separately from the rest of the organisation. Segment reporting per geographic area is therefore not deemed relevant.

The segmental report surplus or deficit reviewed by management does not comprise all of the details as required by the standard. Management reviews the performance on an aggregated basis of total revenue and total expenditure. Management's focus is service delivery and ensuring sufficient revenue is available to ensure such. Only overall (municipal total) surplus is considered when allocating resources. The segment surplus, assets and liabilities are not reviewed on a segregated basis and therefore will not be disclosed as it is not considered relevant for purposes of measuring performance.

The reporting measurement basis for the management reports is the same as that of the annual financial statements (i.e. SA GRAP). Interdepartmental services charges are already eliminated in the management reports reviewed by executive management and will therefore not be separately disclosed (deemed to not be relevant for decisionmaking).

On the first time adoption of GRAP 18, comparative segment information has not been presented in terms of the transitional provisions.

1.36 Related parties

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

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

An entity is related to the reporting entity where they are members of the same economic entity or controlled by the same group of individuals or related individuals who exercise significant influence over their operational and financial decision making (such as group, associate or Joint venture).

Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager and persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality.

Accounting Policies

1.36 Related parties (continued)

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

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties.

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

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality such as:

- A person married to or live together in a relationship similar to a marriage.
- People who are separated by no more than two degrees of natural or legal consanguinity or affinity.

1.37 Events after reporting date

Events after the reporting date that are classified as adjusting events are accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date are disclosed in the notes to the Annual Financial Statements.

When events provide evidence of conditions that existed at year end and these conditions have an impact on the values presented, the event is considered an adjusting event. All other events are considered non-adjusting events.

1.38 Comparative figures

Prior year comparatives:

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

1.39 Budget information

The annual budget figures are those approved by Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2020 to 30 June 2021.

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending on line items. The municipality considers a variance between the actual and budget of more than 10% of the budgeted value as material, provided that such variance exceeds R100 000. All variances less than R100 000 is considered immaterial.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts. This is based on paragraph 2 and 30 of GRAP 24. The presentation is a mirror image of the National Treasury Budget Submission Template and therefore classification of items differ slightly from the face of the Statement of Financial Position and Statement of Financial Performance (for example service consumers and other debtors compared to Receivables from Exchange and Non-Exchange).

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
2. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Petty cash advances	23 465	19 265
Bank balances	640 180 540	630 346 632
	640 204 005	630 365 897

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
Standard Bank of South Africa Limited: Account Number 372865100	319 055 728	616 685 973	522 252 587	640 180 540	618 346 632	525 303 999
Standard Bank: Call Account 288494342	-	12 000 000	-	-	12 000 000	-
Municipal Traffic Account Number 372865178	44 885	112 221	-	-	-	-
OTM Account Number 372865119	5 760	-	1 700	-	-	-
TMT Fines Account Number 372865127	9 155	(210)	-	-	-	-
Total	319 115 528	628 797 984	522 254 287	640 180 540	630 346 632	525 303 999

The municipality also have the following bank accounts with Standard Bank South Africa Limited which had a zero balance at year end except as indicated below. All accounts balances are cleared to the main account on a daily basis except on weekends.

- 1) Web Fines Account Number 372865135
- 2) Sundries Account Number 372865143
- 3) ACB Account Number 372865151

For the purposes of the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments.

On 30 June 2021, an investment held with the bank matured. Due to an error made by the bank, the money only reflected in our Standard Bank Primary account 372865100 on 1 July 2021. The value of the deposit was R319 476 493 resulting in the large difference between the cashbook balance and bank statement balances. The erroneous payment was held in the bank's treasury account and not a bank account in the name of Swartland Municipality.

Call investment deposits are investments with a maturity period of less than 3 months which earn interest at a rate varying from 7.25 % per annum.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period.

Deposits of R 210 229 750 (2020: R 199 505 121) are attributable to the capital replacement reserve (Refer to Note 23).

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
3. Receivables from exchange transactions		
Electricity	44 392 346	39 384 940
Water	18 192 053	15 583 772
Sewerage	6 889 536	5 766 571
Refuse Removal	5 670 545	4 669 777
Housing rentals / instalments	62 919	67 377
Other	12 635 188	18 309 333
	87 842 587	83 781 770

The carrying amount of trade and other receivables are denominated in the following currencies:

	Gross Balances	Collective Allowance for Impairment	Net Balances
30 June 2021			
Service Receivables			
Electricity	45 169 248	(776 902)	44 392 346
Water	20 483 738	(2 291 685)	18 192 053
Sewerage	7 902 773	(1 013 237)	6 889 536
Refuse Removal	6 699 622	(1 029 077)	5 670 545
Subtotal	80 255 381	(5 110 901)	75 144 480
Other Receivables			
Housing rentals / instalments	68 920	(6 001)	62 919
Other	13 053 274	(418 086)	12 635 188
	93 377 575	(5 534 988)	87 842 587
30 June 2020			
Service Receivables			
Electricity	40 127 874	(742 934)	39 384 940
Water	19 524 394	(3 940 622)	15 583 772
Sewerage	7 951 141	(2 184 570)	5 766 571
Refuse Removal	6 705 158	(2 035 381)	4 669 777
Subtotal	74 308 567	(8 903 507)	65 405 060
Other Receivables			
Housing rentals / instalments	71 421	(4 044)	67 377
Other	18 934 333	(625 000)	18 309 333
	93 314 321	(9 532 551)	83 781 770

Receivables from Exchange Transactions are billed monthly, at the end of the month.

The average credit period for receivables from exchange transactions is 30 days. No interest is charged on receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus 1 % per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of receivables from exchange transactions.

Other Receivables include outstanding debtors for various other services, e.g. Chemical Oxygen Demand, Treated Waste Water, Bulk Dumping and Sundry Services like Escorting of heavy vehicles, Advertisement costs, Cleaning of stands, etc.

Of the exchange receivables balance at the end of the year, R 2 881 243 (2020: R 2 659 053) (VAT exclusive) is due from Sasko (Pty) Ltd, the municipality's largest customer. There are no other receivables that represent more than 3% of the total balance of Receivables.

The municipality receives applications for services that it provides. Deposits are required for all electricity and water accounts opened.

Management of the municipality is of the opinion that the carrying value of receivables approximate their amortised values.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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3. Receivables from exchange transactions (continued)

No receivables from exchange transactions were pledged as security.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2021, R 20 173 600 (2020: R 13 584 813) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

31 - 60 Days	7 633 488	5 440 081
61 - 90 Days	1 555 297	2 178 951
91 - 120 Days	1 334 444	1 957 039
121 - 150 Days	1 077 663	1 367 039
151 - 180 Days	1 898 721	879 329
181 - 365 Days	837 520	353 882
+ 1 Year	5 836 467	1 408 492
	20 173 600	13 584 813

Reconciliation of changes in Allowance Account

Opening balance	9 532 551	4 094 554
Electricity	33 967	(881 772)
Refuse removal	(1 006 304)	1 502 197
Sewerage	(1 171 333)	1 479 572
Water	(1 648 937)	2 882 744
Housing	1 957	(602)
Other debtors	(206 913)	455 858
	5 534 988	9 532 551

Reconciliation of bad debts written- off: Exchange Transactions

Electricity	1 178 283	97 008
Refuse Removal	1 066 006	225 410
Sewerage	1 292 643	229 699
Water	6 755 499	2 547 813
Housing	67 968	12 419
Other Debtors	566 670	217 849
	10 927 069	3 330 198

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

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

The details of the ageing of receivables are disclosed in Note 5.

Derecognition of financial assets

No Financial Assets have been transferred to other parties during the year.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

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Figures in Rand	2021	2020
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3. Receivables from exchange transactions (continued)

All Exchange receivables were reviewed and no terms were identified whereby receivable types would meet the definitions of a statutory instrument as defined by this standard.

Most levies charged are based on the municipal tariff by-laws. The origin of the transactions is based on contractual deliverables rather than legislation. The legislation in place therefore supports the value of recognition rather than giving rise to the occurrence of these transactions.

4. Receivables from non-exchange transactions

Payments made in advance	2 415 016	2 156 976
Property Rates	18 689 648	16 624 766
Sundry debtors	215 773	379 190
Traffic fines - TMT	7 188 404	6 725 917
	28 508 841	25 886 849

30 June 2021

	Gross Balances	Collective Allowance for Impairment	Net Balances
Payments made in advance	2 415 016	-	2 415 016
Property Rates	21 088 651	(2 399 003)	18 689 648
Sundry Debtors	215 773	-	215 773
Traffic Fines	36 250 148	(29 061 744)	7 188 404
	59 969 588	(31 460 747)	28 508 841

30 June 2020

	Gross Balances	Collective Allowance for Impairment	Total
Payments made in advance	2 156 976	-	2 156 976
Property Rates	19 152 350	(2 527 584)	16 624 766
Sundry Debtors	379 190	-	379 190
Traffic Fines	32 119 947	(25 394 030)	6 725 917
	53 808 463	(27 921 614)	25 886 849

Sundry Debtors include sundry deposits, unclaimed wages, accruals cash deposits made to Eskom for the supply of electricity and debits outstanding at year-end on normal business transactions entered into by the municipality, in respect of uncleared bank reconciliation items.

Statutory receivables included in receivables from non-exchange transactions above are as follows:

Property Rates	18 689 648	16 624 766
Sundry debtors	215 773	379 190
Traffic Fines - TMT	7 188 404	6 725 917
	26 093 825	23 729 873

Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:

Payments made in advance (right to receive goods or services rather than cash)	2 415 016	2 156 976
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Total receivables from non-exchange transactions	28 508 841	25 886 849
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Swartland Municipality

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Figures in Rand		2021	2020	
4. Receivables from non-exchange transactions (continued)				
Statutory receivables general information				
Receivable type	Revenue type	Legislation that give rise to the transactions	Rates and Interest charges	Impairment considerations
Property Rates	Non-exchange	Municipal Property Rates Act 6 of 2004	Municipal Tariff Policy, Interest Charged	Individual collection rates, interest charged at discount rate
Traffic Fines	Non-exchange	Administrative Adjudication of Road Traffic Offences Act, 1998	The Act determines rates, no interest is charge	Collection rate of the balance as a whole, thereafter discounting is considered in terms of materiality
Sundry Debtors	Exchange	Various different acts (aggregate amounts)	Municipal Tariff Policy, Interest Charged	Individual collection rates, interest charged at discount rate
VAT Receivables	Not applicable	Value Added Tax Act 89 of 1991	The Act determines rates and interest is charge	No impairment, balance expected to be fully recoverable

Interest or other charges levied/charged

Interest was only charged on outstanding rates accounts. All other statutory receivables were within normal credit terms and therefore no other receivables generated interest income. No other levies were charged.

Discount rate applied to the estimated future cash flows

Interest is calculated using the nominal interest rate as stipulated in the municipal by-laws (Prime plus 1%). This rate is also considered an appropriate discount rate.

Swartland Municipality

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4. Receivables from non-exchange transactions (continued)

Statutory receivables past due but not impaired

Statutory receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2021, R14 125 126 (2020: R13 071 122) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2021 Past Due	2020 Past Due	2021 Impaired	2020 Impaired	2021 Past due not impaired	2020 Past due not impaired
31 - 60 Days	4 627 409	2 405 764	-	-	4 627 409	2 405 764
61 - 90 Days	3 408 906	4 655 009	-	-	3 408 906	4 655 009
91 - 120 Days	3 397 633	2 078 084	(5 066 496)	(22 832)	(1 668 863)	2 055 252
121 - 150 Days	3 128 158	2 827 355	(3 083 250)	(2 393 550)	44 908	433 805
151 - 180 Days	6 827 662	1 902 945	(3 237 250)	(1 603 450)	3 590 412	299 495
181 - 365 Days	4 530 856	6 348 507	(4 041 700)	(6 098 725)	489 156	249 782
+ 1 Year	19 665 248	20 775 072	(16 032 050)	(17 803 057)	3 633 198	2 972 015
	45 585 872	40 992 736	(31 460 746)	(27 921 614)	14 125 126	13 071 122

Factors the entity considered in assessing statutory receivables past due but not impaired

Receivables are assessed in terms of their respective overall payment percentages. Some debtors are therefore past due, but the balances are still expected to be recoverable based on the payment percentages.

Reconciliation of provision for impairment for statutory receivables

Opening balance	27 921 614	31 546 540
Contributions to allowance (reversal of allowance)		
Property rates	(128 581)	582 337
Traffic Fines	3 667 714	(4 207 263)
	31 460 747	27 921 614

Reconciliation of bad debts written-off: Non-Exchange Transactions

Rates	1 001 662	414 466
Fruitless expenditure	14 767	-
Traffic Fines	19 588 374	24 234 025
	20 604 803	24 648 491

Swartland Municipality

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4. Receivables from non-exchange transactions (continued)

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables

Significant impairment losses recognised or reversed

Property Rates: Impairment Recognised: No significant movement from the prior year. In the prior year the estimate was revised to take into account the macro-economic impact of the National Lockdown.

Traffic Fines: Impairment Recognised: Annually the outstanding receivables are assessed in terms of the value of fines issued in comparison to the receipts generated from such fines. The remaining balance is considered recoverable based on this payment percentage. The impairment loss is similar to our expectation, but quantitatively the impairment is significant and therefore disclosed separately.

The credit quality of receivables from non- exchange transactions that are neither past nor due nor impaired can be assessed to historical information about counterparty default rates. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables.

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such a receivable. Debtors are grouped into appropriate aggregated grouping levels when insufficient information is available to assess individual debtors. Aggregation is based on best practice and receivables are assessed on historic information available. Thereafter the past due (accounts in arrears, i.e. not current), but not impaired debtors are subjected to a further impairment test taking into account the effect of time resulting in a discounting of debtors being included as a further factor for impairment of statutory receivables.

The claims instituted against the municipality's insurance company are supported by valid insurance claims that are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

The average credit period for government grants and subsidies is dependent on the Government Department involved and the nature of claim. No interest is charged on outstanding government grants and subsidies. The subsidies are payable to the municipality per allocations made in the Division of Revenue Act or based on agreements between the municipality and the relevant departments. Government Grants and Subsidies receivable are past due and not impaired as management have no concerns over the credit quality of these assets.

The Allowance for impairment on Other Debtors (loans and receivables) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were grouped together in the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non- exchange transactions that are neither past nor due nor impaired can be assessed to historical information about counterparty default rates. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables.

Classification of Bad Debts

Exchange receivables

Consumer debtors

Non-exchange receivables

Property rates

Fruitless expenditure

Traffic fines

Balance at end of year

	10 927 069	3 330 198
Exchange receivables	10 927 069	3 330 198
Non-exchange receivables	20 604 803	24 648 491
Property rates	1 001 662	414 466
Fruitless expenditure	14 767	-
Traffic fines	19 588 374	24 234 025
Balance at end of year	31 531 872	27 978 689

Swartland Municipality

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Figures in Rand	2021	2020
5. Consumer debtors disclosure		
Gross balances		
Property Rates	21 088 651	19 152 350
Electricity	45 169 248	40 127 874
Water	20 483 738	19 524 394
Sewerage	7 902 773	7 951 141
Refuse Removal	6 699 622	6 705 158
Housing rentals / instalments	68 920	71 421
Other	13 053 274	18 934 333
Payments made in advance *	2 415 016	2 156 976
Sundry Debtors *	215 773	379 190
Traffic Fines - TMT *	36 250 148	32 119 947
	153 347 163	147 122 784
Less: Allowance for impairment		
Property Rates	(2 399 003)	(2 527 584)
Electricity	(776 902)	(742 934)
Water	(2 291 685)	(3 940 622)
Sewerage	(1 013 237)	(2 184 570)
Refuse Removal	(1 029 077)	(2 035 381)
Housing rentals / instalments	(6 001)	(4 044)
Other	(418 086)	(625 000)
Traffic Fines - TMT *	(29 061 744)	(25 394 030)
	(36 995 735)	(37 454 165)
Net balance		
Property Rates	18 689 648	16 624 766
Electricity	44 392 346	39 384 940
Water	18 192 053	15 583 772
Sewerage	6 889 536	5 766 571
Refuse Removal	5 670 545	4 669 777
Housing rentals / instalments	62 919	67 377
Other	12 635 188	18 309 333
Payments made in advance *	2 415 016	2 156 976
Sundry Debtors *	215 773	379 190
Traffic Fines - TMT *	7 188 404	6 725 917
	116 351 428	109 668 619
Rates		
Current (0 -30 days)	9 413 019	9 430 933
31 - 60 days	1 530 134	2 017 164
61 - 90 days	142 606	791 809
91 - 120 days	50 933	631 660
121 - 150 days	44 908	433 805
151 - 180 days	3 590 412	299 495
181 - 365 days	489 156	249 782
1 - 2 years	446 536	215 327
2 - 3 years	422 839	182 805
+ 3 years	4 958 108	4 899 570
Allowance for impairment	(2 399 003)	(2 527 584)
	18 689 648	16 624 766

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
5. Consumer debtors disclosure (continued)		
Electricity		
Current (0 -30 days)	39 450 816	35 519 028
31 - 60 days	3 002 076	2 240 095
61 - 90 days	222 638	548 277
91 - 120 days	251 079	312 445
121 - 150 days	93 477	127 221
151 - 180 days	329 891	83 232
181 - 365 days	95 115	57 959
1 - 2 years	430 642	154 804
2 - 3 years	111 165	69 999
+ 3 years	1 182 349	1 014 814
Allowance for impairment	(776 902)	(742 934)
	44 392 346	39 384 940
Water		
Current (0 -30 days)	10 720 585	11 612 889
31 - 60 days	2 592 453	1 196 526
61 - 90 days	710 719	703 545
91 - 120 days	618 094	898 116
121 - 150 days	565 668	708 845
151 - 180 days	717 730	466 342
181 - 365 days	370 344	341 600
1 - 2 years	2 235 841	1 465 206
2 - 3 years	508 510	1 040 271
+ 3 years	1 443 794	1 091 054
Allowance for impairment	(2 291 685)	(3 940 622)
	18 192 053	15 583 772
Sewerage		
Current (0 -30 days)	3 309 940	3 209 681
31 - 60 days	1 050 544	1 054 899
61 - 90 days	285 657	453 445
91 - 120 days	219 870	362 495
121 - 150 days	192 428	252 016
151 - 180 days	380 617	152 347
181 - 365 days	161 251	127 826
1 - 2 years	142 460	113 889
2 - 3 years	131 748	107 690
+ 3 years	2 028 258	2 116 853
Allowance for impairment	(1 013 237)	(2 184 570)
	6 889 536	5 766 571
Refuse		
Current (0 -30 days)	2 495 606	2 443 408
31 - 60 days	783 030	781 252
61 - 90 days	229 113	373 629
91 - 120 days	182 834	309 326
121 - 150 days	157 311	223 888
151 - 180 days	416 925	138 924
181 - 365 days	156 450	121 113
1 - 2 years	1 034 277	696 129
2 - 3 years	280 050	396 399
+ 3 years	964 026	1 221 090
Allowance for impairment	(1 029 077)	(2 035 381)
	5 670 545	4 669 777

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
5. Consumer debtors disclosure (continued)		
Housing		
Current (0 -30 days)	30 438	31 143
31 - 60 days	13 526	19 691
61 - 90 days	2 916	8 811
91 - 120 days	2 902	6 176
121 - 150 days	2 008	3 246
151 - 180 days	1 938	643
181 - 365 days	2 049	218
1 - 2 years	8 164	1 493
+ 3 years	4 979	-
Allowance for impairment	(6 001)	(4 044)
	62 919	67 377
Other Exchange Debtors		
Current (0 -30 days)	11 661 601	17 380 805
31 - 60 days	191 860	147 618
61 - 90 days	104 255	91 245
91 - 120 days	59 665	68 479
121 - 150 days	66 772	53 513
151 - 180 days	51 620	38 483
181 - 365 days	52 310	49 475
1 - 2 years	258 771	253 076
2 - 3 years	141 578	186 914
+ 3 years	464 842	664 725
Allowance for impairment	(418 086)	(625 000)
	12 635 188	18 309 333
* Other Non-exchange Debtors		
Current (0 -30 days)	4 970 696	3 384 793
31 - 60 days	3 097 275	388 600
61 - 90 days	3 266 300	3 863 200
91 - 120 days	3 346 700	1 446 424
121 - 150 days	3 083 250	2 393 550
151 - 180 days	3 237 250	1 603 450
181 - 365 days	4 041 700	6 098 725
1 - 2 years	13 633 048	15 275 473
+ 3 years	204 718	201 898
Allowance for impairment	(29 061 744)	(25 394 030)
	9 819 193	9 262 083

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
5. Consumer debtors disclosure (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	50 735 228	48 132 148
31 - 60 days	9 961 039	6 628 433
61 - 90 days	4 803 036	6 388 328
91 - 120 days	4 553 774	3 746 585
121 - 150 days	4 103 584	4 051 145
151 - 180 days	7 463 111	2 631 784
181 - 365 days	5 143 280	6 886 612
1 - 2 years	17 725 136	17 957 707
2 - 3 years	1 408 130	1 893 108
+ 3 years	9 719 134	10 447 336
Subtotal	115 615 452	108 763 186
Less: Allowance for impairment	(36 374 156)	(36 641 176)
	79 241 296	72 122 010
Industrial/ commercial		
Current (0 -30 days)	19 037 290	17 076 041
31 - 60 days	2 249 762	1 090 186
61 - 90 days	135 422	381 918
91 - 120 days	157 909	228 977
121 - 150 days	86 393	116 300
151 - 180 days	217 666	128 925
181 - 365 days	60 098	138 501
1 - 2 years	289 926	197 066
2 - 3 years	31 001	76 304
+ 3 years	341 097	540 741
Subtotal	22 606 564	19 974 959
Less: Allowance for impairment	(621 578)	(812 990)
	21 984 986	19 161 969
National and provincial government		
Current (0 -30 days)	12 280 184	17 804 494
31 - 60 days	50 097	127 226
61 - 90 days	25 745	63 713
91 - 120 days	20 393	59 560
121 - 150 days	15 844	28 639
151 - 180 days	1 045 606	22 207
181 - 365 days	164 997	21 585
1 - 2 years	174 677	20 622
2 - 3 years	156 759	14 664
+ 3 years	1 190 842	221 927
	15 125 144	18 384 637

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Figures in Rand	2021	2020
5. Consumer debtors disclosure (continued)		
Total		
Current (0 -30 days)	82 052 702	83 012 682
31 - 60 days	12 260 898	7 845 846
61 - 90 days	4 964 203	6 833 960
91 - 120 days	4 732 077	4 035 122
121 - 365 days	4 205 822	4 196 084
> 365 days	8 726 383	2 782 917
181 - 365 days	5 368 376	7 046 698
1 - 2 years	18 189 739	18 175 395
2 - 3 years	1 595 890	1 984 076
+ 3 years	11 251 071	11 210 002
Subtotal	153 347 161	147 122 782
Less: Allowance for impairment	(36 995 735)	(37 454 166)
	116 351 426	109 668 616
6. Construction contracts receivables		
Contracts in progress at statement of financial position date		
Construction contracts and receivables/(payables)	(341 136)	125 682
Reconciliation of contracts for the year		
Contract revenue for the year	2 757 191	10 283 766
Contract costs for the year	(2 757 191)	(10 283 766)
Advances received	-	(348 052)
Unpaid deliverables at year end	(341 136)	473 734
Balance at year end	(341 136)	125 682
Amounts due from/(prepaid by) customers		
Opening balance of Advances Receivable	125 681	(2 529 369)
Progress billings for the period (with reference to stage of completion)	2 757 191	10 283 766
Advances received during the period	(3 224 008)	(7 628 715)
Amounts due from/(prepaid by) customers	(341 136)	125 682
Less Retentions held	-	-
Total due from/(prepaid by) customers	(341 136)	125 682
Contracts in progress at year end		
Budgeted construction deliverables due at the beginning of the period	4 199 660	6 509 617
New deliverables due	(1 783 605)	7 973 809
Contract deliverables met	(2 757 191)	(10 283 766)
Total budgeted contract deliverables due	(341 136)	4 199 660
Project deliverables only due in the future	-	(3 851 608)
Less receivables due at year end	-	(473 734)
Total due (from)/prepaid by customers	(341 136)	(125 682)
Reconciliation of construction contracts balance		
Opening Balance	125 681	(2 529 369)
Receipts for the year	(3 224 008)	(7 628 715)
Deliverables met (Revenue recognised)	2 757 191	10 283 766
	(341 136)	125 682

Advances received in excess of work completed are included in trade and other payables.

Swartland Municipality

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6. Construction contracts receivables (continued)

Housing Arrangements

Contract revenue is fixed based on the arrangement with the Provincial Department of Housing. Revenue is determined in terms of the stage of completion which is determined by the progress payments claimed by the sub-contractors received at year end. Contracts with the Provincial Department and its beneficiaries are not subject to any retention.

The methods used to determine the stage of completion of agreements in progress is as follows:

30 June 2021	Phola Park	Riebeek Wes	Riebeek Kasteel	Kalbaskraal	Sibanye
Opening Balance (due to)/from customers	(341 135)	473 733	-	-	(6 917)
Transfer from Assets	-	2 741 405	-	-	15 787
Collections	-	(3 215 138)	-	-	(8 870)
Subtotal	(341 135)	-	-	-	-
	(341 135)	-	-	-	-

30 June 2020	Phola Park	Riebeek Wes	Riebeek Kasteel	Kalbaskraal	Sibanye
Opening Balance (due to)/from customers	(365 693)	(2 163 676)	-	-	-
Transfer from Assets	24 558	3 880 338	3 992 800	1 232 800	1 153 270
Collections	-	(1 242 929)	(3 992 800)	(1 232 800)	(1 160 187)
Subtotal	(341 135)	473 733	-	-	(6 917)
	(341 135)	473 733	-	-	(6 917)

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7. Finance lease receivables		
Housing selling scheme loans	1 893	2 677
Short term portion	(890)	(784)
Non-current Finance Lease Receivables	1 003	1 893
Gross investment in the lease due		
- within one year	1 146	1 146
- in second to fifth year inclusive	1 139	2 284
	2 285	3 430
less: Unearned finance revenue	(392)	(753)
	1 893	2 677
Present value of minimum lease payments due		
- within one year	890	784
- in second to fifth year inclusive	1 003	1 893
Total Finance Lease Receivables	1 893	2 677
Non-current assets	1 003	1 893
Current assets	890	784
	1 893	2 677

Loans were granted to the tenants of low cost housing erected by the Municipality with funds provided by the State, in order to enable them to purchase the houses they previously rent from the Municipality. Loans are repaid over a period of twenty years and at an interest rate of 13.50% per annum. The interest rates inherent to the leases are fixed at the contract date over the entire lease term. The instalments of interest and redemption recoverable from the purchasers are credited to the Housing Fund (see note 22).

Finance Lease Receivables are secured over the property leased. The municipality is not permitted to sell or repledge the collateral in the absence of default by the lessee.

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8. Inventories		
Consumable stores - at cost	8 298 099	7 016 906
Franking Machine and Postage	52 705	36 777
SMS Bundles	38 765	3 067
Stationery - at cost	287 405	276 170
Unsold properties held for resale - at cost	8 126 775	7 148 189
Water - at cost	248 051	190 328
	17 051 800	14 671 437

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

The cost of water purchases for the year amounted to R 4.37 per kilolitre (2020: R 3.45 per kilolitre).

No Inventories have been pledged as collateral for liabilities of the municipality.

The cost of inventories (excluding land inventories) recognised as expense and included in Other Materials (refer to Note 43).

Water for distribution

Opening balance	190 328	228 364
System input volume	21 763 185	14 905 299
Authorised consumption	(17 154 705)	(13 096 986)
Water losses	(4 550 757)	(1 846 349)
Closing balance	248 051	190 328

9. Operating lease asset (accrual)

Current assets	70 067	77 335
Current liabilities	(28 504)	(84 888)

The Municipality as lessee

Leasing arrangements:

Operating leases relate to Buildings, Computer and other equipment with lease terms of between one to five years. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Buildings	58 365	1 263 749
Up to 1 year	53 211	1 205 385
1 to 5 years	5 154	58 364
Computer Equipment	398 630	409 056
Up to 1 year	398 630	398 630
1 to 5 years	-	10 426
Total operating lease commitments	456 995	1 672 805

Total Operating Lease Expenses - as Lessee	1 604 016	1 600 018
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Swartland Municipality

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9. Operating lease asset (accrual) (continued)

Operating leases are recognized on the straight-line basis over the lease term. In respect of non-cancellable Operating Leases the following asset/(liability) has been recognised:

Accrual as at 30 June

Opening balance	(84 888)	(59 839)
Operating lease payments effected	1 660 400	1 574 969
Operating expenses recorded	(1 604 016)	(1 600 018)
Total Operating Lease Assets/(Liabilities)	(28 504)	(84 888)

No restrictions have been imposed on the Municipality in terms of the operating lease agreements.

The Municipality entered into new operating lease agreements for buildings during 30 June 2021 commencing 1 July 2021. Of these, two contracts were signed for only a single year (value of the rentals per month is R 49 477 combined (total contractual obligation for the leases are R 593 723) as well as a new three year lease with a total contractual obligation for lease payments of R 2 190 585. These contractual values are commitments authorised but not yet due.

The Municipality as Lessor:

Leasing arrangements:

Operating Leases relate to Investment Property owned by the municipality with lease terms of between 5 to 50 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the reporting date the following lease receipts were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	358 640	551 467
1 to 5 years	355 307	713 946
More than 5 years	3 616	3 616
	717 563	1 269 029

This impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has resulted in an increase in current year's income of R 7 267 (2020: R 29 993).

Operating leases are recognized on the straight-line basis over the lease term. In respect of non-cancellable Operating Leases the following asset/(liability) has been recognised:

No restrictions have been imposed on the Municipality in terms of the lease agreements.

Accrual as a 30 June

Opening balance	77 335	47 343
Operating lease payments received	(558 735)	(838 133)
Operating income recorded as revenue	551 467	868 125
Total Operating Lease Assets/(Liabilities)	70 067	77 335

10. VAT receivable

VAT	12 015 715	2 496 242
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For statutory receivable information regarding VAT refer to Note 4.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

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11. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	83 256 609	(1 399 080)	81 857 529	74 900 754	(1 399 080)	73 501 674
Movable assets	117 678 158	(57 703 452)	59 974 706	108 071 657	(52 625 229)	55 446 428
Infrastructure	3 574 504 488	(1 803 426 598)	1 771 077 890	3 404 391 955	(1 750 802 203)	1 653 589 752
Community	266 093 929	(161 002 065)	105 091 864	295 090 251	(155 847 621)	139 242 630
Other assets	173 088 343	(123 224 456)	49 863 887	151 024 824	(121 572 408)	29 452 416
Total	4 214 621 527	(2 146 755 651)	2 067 865 876	4 033 479 441	(2 082 246 541)	1 951 232 900

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	73 501 674	9 014 255	(594 333)	(64 067)	-	-	81 857 529
Movable assets	55 446 428	12 087 447	(321 737)	(77 714)	(7 159 718)	-	59 974 706
Infrastructure	1 653 589 752	134 356 603	(6 512 580)	65 429 444	(73 096 203)	(2 689 126)	1 771 077 890
Community	139 242 630	40 687 485	(93 578)	(69 185 592)	(4 973 822)	(585 259)	105 091 864
Other assets	29 452 416	18 317 841	(13 588)	3 833 862	(1 713 452)	(13 192)	49 863 887
Total	1 951 232 900	214 463 631	(7 535 816)	(64 067)	(86 943 195)	(3 287 577)	2 067 865 876

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	68 975 310	7 868 042	(1 963 678)	-	(1 378 000)	73 501 674
Movable assets	53 882 271	8 166 297	(299 946)	(6 302 194)	-	55 446 428
Infrastructure	1 665 772 455	66 404 662	(4 481 142)	(74 106 223)	-	1 653 589 752
Community	105 288 705	38 639 356	(82 076)	(4 546 153)	(57 202)	139 242 630
Other assets	30 988 401	218 930	-	(1 754 915)	-	29 452 416
	1 924 907 142	121 297 287	(6 826 842)	(86 709 485)	(1 435 202)	1 951 232 900

Reconciliation of Work-in-Progress 2021

	Infrastructure	Community	Other PPE	Total
Opening balance	34 450 945	53 085 680	650 035	88 186 660
Additions/capital expenditure	74 282 584	3 851 330	19 668 192	97 802 106
Impairments recognised	(2 328 739)	(504 638)	-	(2 833 377)
Transferred to completed items	(12 511 409)	(51 939 052)	(554 483)	(65 004 944)
	93 893 381	4 493 320	19 763 744	118 150 445

Reconciliation of Work-in-Progress 2020

	Infrastructure	Community	Other PPE	Total
Opening balance	27 726 015	23 561 937	1 652 367	52 940 319
Additions/capital expenditure	66 591 691	34 592 806	3 502 721	104 687 218
Transferred to completed items	(59 866 761)	(5 069 063)	(4 505 053)	(69 440 877)
	34 450 945	53 085 680	650 035	88 186 660

The description: Other Assets relates to the traditional line for Buildings.

No Property, Plant and Equipment were retired from active use and held for disposal during the financial year. Compensation in the amount of R 118 191 (2020: R 116 935), included in Operating Surplus, was received from the municipality's insurers for Property, Plant and Equipment lost during the year. None of the above assets are pledged as security.

Swartland Municipality

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11. Property, plant and equipment (continued)

As per Note 44, Impairment losses on Property, Plant and Equipment to the amount of R 3 287 577 (2020: R 1 435 202) have been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance.

The estimation of the useful lives of assets is a matter of judgement based on the municipality's experience with similar assets.

Expenditure to repair and maintain assets is disclosed in Note 48.

No projects with expenditure have been halted or delayed significantly. A project pertaining to the extension of a caravan park was cancelled, but no expenditure has been incurred to date. The cancellation is not as a direct result of the national lockdown.

Included in the total for Property, Plant and Equipment are assets that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. For details of the service concession arrangement refer to Note 59.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

Swartland Municipality

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12. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	40 760 704	(6 301 011)	34 459 693	38 486 440	(3 316 049)	35 170 391

Reconciliation of investment property - 2021

	Opening balance	Additions	Disposals	Transfers	Impairments	Depreciation	Total
Investment property	35 170 391	4 898 708	(2 688 511)	64 067	(2 925 778)	(59 184)	34 459 693

Reconciliation of investment property - 2020

	Opening balance	Additions	Disposals	Impairments	Depreciation	Total
Investment property	34 571 117	1 949 500	(1 253 347)	(37 000)	(59 879)	35 170 391

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

As per Note 44, impairment losses to the value of R 2 925 778 (2020: R 37 000) have been recognised on Investment Property of the municipality at the reporting date. No construction projects were entered into for Investment Property during the year.

Expenditure to repair and maintain assets is disclosed in Note 48.

All of the municipality's Investment Properties are held under freehold interests and none had been pledged as security for any liabilities of the municipality. There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal. There are no contractual obligations on Investment Property.

Swartland Municipality

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12. Investment property (continued)

Amounts recognised in surplus or deficit

Rental revenue from Investment property	241 316	361 987
Expenditure		
Direct operating expenses - investment property generating rental revenue	71 774	107 664
Direct operating expenses - investment property that do not generate rental revenue	2 111 683	2 576 720
	2 183 457	2 684 384

13. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Software licences	4 528 744	(3 831 929)	696 815	4 566 459	(3 651 233)	915 226
Website development	69 704	(68 873)	831	69 704	(68 130)	1 574
Total	4 598 448	(3 900 802)	697 646	4 636 163	(3 719 363)	916 800

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Disposals	Amortisation	Total
Software licences	915 226	1 620	(3 085)	(216 946)	696 815
Website development	1 574	-	-	(743)	831
	916 800	1 620	(3 085)	(217 689)	697 646

Reconciliation of intangible assets - 2020

	Opening balance	Disposals	Amortisation	Total
Software licences	1 162 359	(24 738)	(222 395)	915 226
Website development	2 385	-	(811)	1 574
	1 164 744	(24 738)	(223 206)	916 800

The useful lives of Intangible Assets remain unchanged from the previous year, for which amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

The municipality amortises all its Intangible Assets apart from a life-long servitude. The benefit of this servitude far exceeds its cost.

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

Expenditure to repair and maintain assets is disclosed in Note 48.

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 39).

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

Swartland Municipality

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14. Heritage assets

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	181 000	-	181 000	181 000	-	181 000
Historical buildings	586 266	-	586 266	586 266	-	586 266
Art Collections, antiquities and exhibits	352 634	-	352 634	352 634	-	352 634
Total	1 119 900	-	1 119 900	1 119 900	-	1 119 900

15. Non-living resources

Management only identified water resources as no other natural resources are prevalent within our jurisdiction.

The supply from Paardenberg Dam is to supplement the supply to Malmesbury, Abbotsdale, Kalbaskraal, Riverlands and Chatsworth from the Municipality's own local source. Three boreholes at Riverlands are also used as supplementary sources.

No liabilities or contingent liabilities arise due to the custodianship of the Perdeberg Dam. No resources were given up that resulted in compensation from third parties. The service concession arrangement is disclosed in note 59.

16. Payables from exchange transactions

Trade payables	66 919 136	66 579 931
Payments received in advanced	2 345 733	1 128 202
Retentions	6 095 317	2 495 879
Other payables	10 439 965	7 112 085
Staff leave	15 782 006	15 882 248
Other deposits	1 184 881	1 185 136
13th cheque accrual	6 112 531	5 492 045
	108 879 569	99 875 526

No interest is charged for the first 30 days from the date of receipt of the statement. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe. The carrying value of trade and other payables approximates its fair value. Retentions are usually payable after a period of 12 months.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality. Discounting of trade and other payables on initial recognition is not deemed necessary.

17. Consumer deposits

Electricity and Water	15 296 606	13 831 016
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Guarantees amounting to R 623 600 (2020: R 628 600) are held in lieu of Electricity and Water Deposits.

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the Council can utilise the deposit as payment for the outstanding account. No interest is paid on consumer deposits held.

The carrying value of consumer deposits approximates their fair value.

Swartland Municipality

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18. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Afrisam (Indoor/outdoor Centre)	-	141 039
Community Development Workers	54 074	80 951
Community Safety: K9 Unit	1 092 363	2 590 540
Contributions Covid-19	75 000	75 000
Financial Management Support Grant: Student Bursaries	151 825	326 455
Fire Damage Houses	-	97 252
Housing Project: Kalbaskraal	498 263	1 301 610
Housing: Riebeek Kasteel	-	7 062 454
Housing: Riebeek Wes	1 166 963	1 245 863
Housing: Sibanye	11 542	50 541
Library Service	-	4 247
Municipal Accreditation and Capacity Building	61 015	238 000
Regional Socio-economic project	-	3 186 291
Swartland Business Hive (Entrepreneurial Hub)	302 900	164 500
Title Restoration: Housing Projects	140 197	285 262
	3 554 142	16 850 005

The Unspent Grants are cash backed by term deposits. The municipality complied with the conditions applicable to all grants received to the extent of revenue recognised. No grants were withheld. The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 30 for reconciliation of grants by other spheres of government and Note 33 for Public Contributions (Other Receipts).

19. Other financial liabilities

At amortised cost

Annuity loans	107 948 337	117 966 272
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Summary of arrangements

Annuity Loans are repaid over periods varying from ten to twenty years (2020: ten to twenty years), and at interest rates varying from 8.60% to 10.96% (2020: 8.60% to 10.96%). Annuity Loans are not secured.

Included in the total for Borrowings are loans that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. For details of the service concession arrangement refer to note 59.

Refer to Appendix A for more detail on long- term liabilities.

Non-current liabilities

At amortised cost	99 485 174	107 948 337
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Current liabilities

At amortised cost	8 463 163	10 017 935
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Swartland Municipality

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20. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value

Long Term: Post-Employment Health Care Benefit Liability	67 591 000	57 570 000
Current Portion: Post-Employment Health Care Benefit Liability	64 621 000	54 687 000
	2 970 000	2 883 000
	12 442 000	11 469 000
Long Term: Long Service Awards	10 514 000	10 365 000
Short Term: Long Service Awards	1 928 000	1 104 000
	80 033 000	69 039 000
Non-current liabilities	75 135 000	65 052 000
Current liabilities	4 898 000	3 987 000
	80 033 000	69 039 000

Post-Employment Health Care Benefit Liability

The Municipality provides certain post- retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of the present value of the unfunded defined benefit obligation were carried out as at 30 June 2021 by ARCH Actuarial Consulting, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement or long service benefits are provided by the municipality.

The fair value of plan assets includes:

In-service members	293	293
In-service (non)-members	322	-
Continuation members	59	60
	674	353

During the current year the municipality revised its estimates to include a higher percentage of in-service non-members. Some employees that would previously not have been able to afford medical aid may indeed be able to afford such benefits in the future. The municipality estimates that 10% (2020: 0%) of employees currently not in a position to afford medical aid, may be able to join a scheme before retirement. The 10% potential joining rate was determined based on municipal history in conjunction with national data reviewed by the actuaries.

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

In-service members	32 293 000	27 402 000
In-service (non)-members	1 575 000	-
Continuation members	33 723 000	30 168 000
	67 591 000	57 570 000

Swartland Municipality

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Figures in Rand	2021	2020
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20. Employee benefit obligations (continued)

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

- Bonitas
- Keyhealth
- Hosmed
- LA Health
- Samwumed

The future service cost for the ensuing year is established to be R 2 264 000, whereas the interest-cost for the next year is estimated to be R 6 621 000 (2020: R 1 747 000 and R 5 774 000 respectively).

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	57 570 000	60 793 441
Benefits paid	(2 916 892)	(2 686 442)
Net expense recognised in the statement of financial performance	12 937 892	(536 999)
	67 591 000	57 570 000

Net expense recognised in the statement of financial performance

Current service cost	1 747 000	2 015 198
Interest cost	5 774 000	5 587 633
Actuarial (gains) losses	5 416 892	(8 139 830)
	12 937 892	(536 999)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10.01 %	10.28 %
Expected rate of return on assets	6.75 %	6.35 %
Expected rate of return on reimbursement rights	3.05 %	3.70 %
Expected increase in salaries	2.80 %	4.08 %
Expected pension increases	5.25 %	4.85 %
Retirement age	62	62

The history of experienced adjustments is as follows:

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
30 June 2021		
Effect on the aggregate of the service cost and interest cost	8 748 000	6 530 000
Effect on defined benefit obligation	77 546 000	59 456 000
30 June 2020		
Effect on the aggregate of the service cost and interest cost	8 986 100	6 503 900
Effect on defined benefit obligation	65 478 000	51 050 000

Amounts for the current and previous four years are as follows:

	2021 R	2020 R	2019 R	2018 R	2017 R
Defined benefit obligation	67 591 000	57 570 000	60 793 441	60 903 057	59 115 765
Experience adjustments on plan liabilities	(1 518 108)	3 737 170	3 009 266	(275 424)	2 264 246

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20. Employee benefit obligations (continued)

The municipality expects to make a contribution of R 8 885 000 (2020: R 7 521 000) to the defined benefit plans during the next financial year.

Refer to Note 60 "Multi- Employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that are Provincially and Nationally administered.

Long Service Awards

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Swartland Municipality). The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award becomes due or, alternatively, credited to his/her vacation leave accrual. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2021 may become entitled to in future, based on an actuarial valuation performed at that date.

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

At year end, 52 (2020: 70) employees were paid Long-service Awards.

Eligible employees at the beginning of the year	606	544
New entrants	39	83
Members that exited	(29)	(21)
Eligible employees at the end of the year	616	606

The future service cost for the ensuing year is established to be R 1 021 000 whereas the interest-cost for the next year is estimated to be R 1 086 000 (2020: R 950 000 and R 821 000 respectively).

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	11 469 000	10 877 072
Benefits paid	(1 139 101)	(1 433 824)
Net expense recognised in the statement of financial performance	2 112 101	2 025 752
	12 442 000	11 469 000

Net expense recognised in the statement of financial performance

Current service cost	950 000	884 502
Interest cost	821 000	840 987
Actuarial (gains) losses	341 101	300 263
	2 112 101	2 025 752

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.44 %	7.51 %
Expected rate of salary increases	5.84 %	4.08 %
Net effective discount rate	3.40 %	3.30 %
General inflation rate	5.84 %	4.85 %
Average retirement age	62	62

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20. Employee benefit obligations (continued)

The history of experience adjustments

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
30 June 2021		
Effect on the aggregate of the service cost and interest cost	1 918 000	1 644 000
Effect on defined benefit obligation	13 245 000	11 718 000
30 June 2020		
Effect on the aggregate of the service cost and interest cost	1 869 200	1 597 800
Effect on defined benefit obligation	12 243 000	10 771 000

Amounts for the current and previous four years are as follows:

	2021 R	2020 R	2019 R	2018 R	2017 R
Defined benefit obligation	12 442 000	11 469 000	10 877 072	10 075 105	9 011 689
Experience adjustments on plan liabilities	534 101	897 263	47 103	1 130 575	(227 440)

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21. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Change in discount factor	Increase due to re-measurement or settlement without cost to entity	Total
Landfill Site	34 417 988	2 020 927	1 748 919	38 187 834

Reconciliation of provisions - 2020

	Opening Balance	Change in discount factor	Increase due to re-measurement or settlement without cost to entity	Total
Landfill Site	30 555 806	1 298 455	2 563 727	34 417 988

Environmental rehabilitation provision

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R38 187 834 (2020: R34 417 988) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the year end spot rate of a 20 year Government Bond and the average Consumer Price Index from May 2020 to May 2021 (2020: March to March).

Sites	Proposed Rehabilitation Date	Size (Square Meters)	Current Costs per Square (2021)	2021 Provision	2020 Provision
Heading					
Darling	2044/2045	32 717	776	8 792 486	5 554 542
Highlands	2045/2046	96 456	159	5 039 496	4 409 486
Koringberg	2024/2025	4 690	899	3 114 743	3 257 909
Moorreesburg	2039/2040	28 100	586	7 340 559	5 280 047
Riebeek Kasteel	2025/2026	22 118	684	10 624 830	12 439 180
Yzerfontein	2024/2025	27 400	162	3 275 720	3 476 824
		211 481	3 266	38 187 834	34 417 988

The expected rehabilitation dates were revised for Koringberg, Riebeek Kasteel and Yzerfontein from 2023/24 to the above mentioned dates. The change was accounted for as a change in estimate (refer note 62).

22. Statutory fund: Housing development

The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.

The Housing Development Fund is represented by Housing Selling Scheme Loans (see Note 7).

Swartland Municipality

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22. Statutory fund: Housing development (continued)		
Housing Development Fund	1 893	2 677
Analysis of the composition of the Housing Development Fund:		
Housing Development Fund		
Loans extinguished by Government on 1 April 1998	1 893	2 677
23. Reserves: Capital Replacement		
The Capital Replacement Reserve is a reserve to finance future capital expenditure, is fully funded and invested in Financial Instruments.		
Balance at the beginning of the year	199 505 121	191 815 807
Contribution from accumulated Surplus	136 794 949	53 056 507
Capital Contributions received	2 314 848	1 701 083
Funding Capital Projects	(128 387 061)	(47 068 276)
	210 227 857	199 505 121
24. Accumulated surplus		
Accumulated surplus generated from operations	2 325 339 145	2 194 275 387
25. Service charges		
Sale of electricity	323 771 828	298 043 119
Sale of water	75 838 776	68 381 349
Sewerage and sanitation charges	44 858 307	43 874 489
Refuse removal	27 834 320	27 463 013
Less revenue foregone	(3 696 694)	(635 056)
	468 606 537	437 126 914
Revenue foregone pertains to free units of water provided to all citizens as part of the municipal efforts to reduce the economical impact that COVID 19 had on our citizens.		
26. Interest received		
Interest revenue		
Interest earned - Investments	33 137 811	40 020 898
Bank account	3 300 534	5 627 995
Outstanding debtors: Exchange receivables	1 959 976	1 617 286
Interest earned - Land sales	85 249	75 855
	38 483 570	47 342 034

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27. Operational revenue		
Sale of goods and rendering of services		
Advertisements	389 910	256 210
Application Fees for Land Usage	8 626	9 470
Building Plan Approval	2 876 759	2 187 801
Bulk Waste Dumping	908 975	837 767
Camping Fees	2 078 360	2 451 396
Cemetery and Burial	902 045	671 488
Cleaning and Removal	602 739	596 919
Clearance Certificates	356 746	239 604
Development Charges	2 314 848	1 701 084
Encroachment Fees	590	590
Entrance Fees	370 280	353 117
Escort Fees	15 300	80 991
Housing (Boarding Services) - Staff	133 820	145 219
Occupation Certificates	374 019	246 754
Photocopies and Faxes	78 357	106 752
Removal of Restrictions	304 004	249 378
Sewerage Blockages	426 463	401 632
Rendering of Fire Services	(40 075)	14 273
Sub-division and Consolidation Fees	108 517	107 462
Tender Documents	62 299	89 910
Town Planning and Servitudes	28 184	866 475
Valuation Services	189 962	115 956
Housing Sales or Services Rendered	149 932	69 968
Other operational revenue		
Administrative Handling Fees	74 004	95 677
Application: Service Connections	421 779	280 164
Breakages and Losses Recovered	52 588	53 325
Discounts and Early Settlements	-	432 472
Housing Selling Schemes	1 394	1 394
Incidental cash surpluses	13 332	3 113
Insurance Refund	405 947	283 343
Merchandising, Jobbing and Contracts	36 608	63 873
Other Fees	3 054	4 612
Private Work	-	10 741
Registration Fees - Road and Transport	252 648	304 589
Transaction Handling Fees	107 784	74 047
	14 009 798	13 407 566
28. Rental of facilities and equipment		
Premises		
Rental Revenue from buildings	879 716	573 712
Garages and parking		
Rental Revenue from halls	43 977	210 841
Facilities and equipment		
Rental of equipment	734 011	746 180
	1 657 704	1 530 733

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
29. Property rates		
Rates received		
Residential	76 501 692	69 831 029
Commercial	12 347 670	11 334 237
State	11 236 033	10 614 254
Vacant land	9 293 969	7 888 791
Farm Properties: Agricultural Purposes	20 302 568	18 075 646
Industrial	7 682 367	7 321 343
Rural: Business	1 679 303	885 018
Less: Income forgone	(5 851 899)	(1 789 796)
	133 191 703	124 160 522

Valuation of properties (R'000)

Residential	15 890 932	11 492 271
Commercial	2 049 553	1 348 045
State	1 516 675	1 237 674
Vacant land	1 489 739	938 815
Farm properties: Agricultural purposes	13 560 414	10 525 958
Industrial	960 414	861 777
Rural: Business	-	221 281
	35 467 727	26 625 821

Assessment Rates are levied on the value of land and improvements, less R 15 000 for residential properties, which valuation must be performed every four years. Interim valuations are processed on a bi- annual basis in November and May of each year to take into account changes in individual property values due to alterations, consolidations and subdivisions. The last valuation came into effect on 1 July 2020.

Differential rates of 0.5160 c/R for residential properties and 0.7413 c/R for commercial, industrial, rural and state properties (2019/2020: 0.6490 and 0.8580 c/R) on land and building valuations were applied to determine assessment rates. A discount of 75 % (2019/2020: 75%) was granted on agricultural land. An exemption of R 15 000 on the value of the property is granted to residential property owners. A further R 300 000 (2019/2020: R 300 000) discount on the market value of the property, over and above the aforementioned R 15 000 is granted on the value of the property for residents 60 years and older on condition that they occupy the premises. Some additional relief was provided to qualifying consumers in order to assist families in need after the national lockdown as per note 69.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
30. Government grants and subsidies		
Unconditional grants		
Equitable Share	116 404 000	91 534 000
Conditional grants		
Community Development: Workers	64 877	3 577
Community Safety: K9 Unit	3 698 177	3 396 675
COVID 19 - Food Parcels and Financial Support	-	969 000
Education, Training and Development Practices (Seta)	274 910	355 874
Emergency Fire Kit	-	1 696
Energy Efficiency and Demand Side Management Grant (EEDG)	3 600 000	4 000 000
Extended Public Works Programme	1 867 000	1 768 000
Financial Management Support Grant: Graduate Internship Programme	-	61 081
Financial Management Support Grant: MSCOA	-	330 000
Financial Management Support Grant: Student Bursaries	148 175	139 151
Financial Management Support Grant: Risk Management	-	45 322
Fire Services Capacity Building	732 000	-
Greenest Town	-	140 000
Housing Project: Kalbaskraal	1 023 758	5 052 995
Housing Project: Malmesbury De Hoop	23 652 408	2 984 088
Housing Project: Riebeeck Kasteel	10 470 776	10 225 444
Housing Project: Sibanye-Moorreesburg	115 349	8 426 463
Integrated National Electrification Programme	5 652 000	5 000 000
Libraries	10 788 000	9 602 753
Local Government Financial Management Grant	1 550 000	1 550 000
Municipal Accreditation and Capacity Building	176 985	224 000
Municipal Infrastructure Grant	22 923 000	21 301 000
Proclaimed Roads Subsidies	175 000	6 317 905
Rebuilding of fire damaged houses	97 252	-
Regional Socio-Economic Project (RSEP)	6 186 291	813 709
Sondeza	-	95 523
Sports Development Grant	-	320 000
Thusong Centre: Refurbishment	150 000	-
Title Restoration Housing	145 065	1 738
	93 491 023	83 125 994
	209 895 023	174 659 994

No funds destined for the municipality in terms of the annual Division or Revenue Act were delayed, withheld or withdrawn.

The municipality complied with the grant terms including the requirements of section 214(1) of the Constitution.

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Community Development: Workers

Balance unspent at beginning of year	80 951	10 528
Current-year receipts	38 000	74 000
Conditions met - transferred to revenue	(64 877)	(3 577)
	54 074	80 951

Conditions still to be met - remain liabilities (see note 18).

Funds made available for sundry expenditure and stationery for workers, under the control of the Municipality but remunerated by PAWC.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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30. Government grants and subsidies (continued)

Community Safety: K9 Units

Balance unspent at beginning of year	2 590 540	3 987 215
Current-year receipts	2 200 000	2 000 000
Conditions met - transferred to revenue	(3 698 177)	(3 396 675)
	1 092 363	2 590 540

Conditions still to be met - remain liabilities (see note 18).

Funds are for the establishment of a dog unit for detecting drugs.

COVID 19 - Food Parcels and Financial Support

Balance unspent at beginning of year	75 000	-
Current-year receipts - conditional	-	969 000
Current-year receipts - unconditional (donations)	-	75 000
Conditions met - transferred to revenue (operational expenditure)	-	(119 000)
Conditions met - transferred to revenue (in-kind donations)	-	(850 000)
	75 000	75 000

Conditions still to be met - remain liabilities (see note 18).

Special government allocations received in order to assist those in need following the Covid-19 national lockdown. The balance remaining is expected to be refunded to the public during the 2021/20 financial year.

Emergency Fire Kit

Balance unspent at beginning of year	-	1 696
Conditions met - transferred to revenue	-	(1 696)
	-	-

Funds are utilised to support disaster victims that live in shelters.

Education, Training and Development Practices (Seta)

Current-year receipts	274 910	355 874
Conditions met - transferred to revenue	(274 910)	(355 874)
	-	-

Training of officials as well as unemployed persons utilised on projects under control of the Municipality.

Energy Efficiency and Demand Side Management Grant (EEDG)

Current-year receipts	3 600 000	4 000 000
Conditions met - transferred to revenue	(3 600 000)	(4 000 000)
	-	-

Installation of floodlights in public open spaces to ensure the safety of the community.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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30. Government grants and subsidies (continued)

Extended Public Works Programme

Current-year receipts	1 867 000	1 768 000
Conditions met - transferred to revenue	(1 867 000)	(1 768 000)
	-	-

The grant is to enable the Municipality to create jobs.

Financial Management Support Grant: Graduate Internship Programme

Current-year receipts	-	61 081
Conditions met - transferred to revenue	-	(61 081)
	-	-

The funds are to enable the Municipality to capacitate graduate interns who are technically ready for possible consideration as employees within Municipalities.

Financial Management Support Grant: MSCOA

Current-year receipts	-	330 000
Conditions met - transferred to revenue	-	(330 000)
	-	-

The grant is for the Municipality to implement mSCOA.

Financial Management Support Grant: Student Bursaries

Balance unspent at beginning of year	326 455	338 017
Current-year receipts	300 000	379 000
Conditions met - transferred to revenue	(148 175)	(139 151)
Refunded to funder	(326 455)	(338 017)
Beneficiary refund received	-	86 606
	151 825	326 455

Conditions still to be met - remain liabilities (see note 18).

Municipal bursary programme that enable municipalities to attract top performing learners and learners with potential to succeed in Higher Education Institutions (HEI) in the areas such as finance, economics, accounting, supply chain management, internal audit, risk management, infrastructure, etc.

Financial Management Support Grant: Risk Management

Balance unspent at beginning of year	-	45 322
Conditions met - transferred to revenue	-	(45 322)
	-	-

The purpose of the grant is to implement a systematic and formalised process to identify, assess, manage and monitor risks by acquiring, configuring and utilising a Risk Management automated electronic system.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
30. Government grants and subsidies (continued)		
Greenest Town		
Current-year receipts	-	140 000
Conditions met - transferred to revenue	-	(140 000)
	-	-

Prize money for achieving an award at the National Greenest Town Competition.

Housing Project: Kalbaskraal

Balance unspent at beginning of year	1 301 610	-
Current-year receipts - Unspent Grant	220 411	6 050 360
Construction contracts current-year receipts	-	1 232 800
Current-year receipts considered to be GRAP 109 receipts o.b.o. Housing Beneficiaries	-	180 211
Current-year receipts - Operational Revenue: Housing Services	-	40 200
Conditions met - transferred to revenue: Government grants	(1 023 758)	(5 052 995)
Construction contracts revenue	-	(1 232 800)
GRAP 109 Payments o.b.o. Housing Beneficiaries	-	(180 211)
Operational Revenue: Housing Services	-	(40 200)
Reallocation of Land Receipts to Conditional Grant Balance	-	304 245
	498 263	1 301 610

Conditions still to be met - remain liabilities (see note 18).

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Construction contracts, Operational Revenue and disclosure pertaining to Agents are disclosed in Notes 6, 27 and 58.

Housing: Phola Park

Construction contracts revenue	-	24 558
Construction contracts advances from customers	-	(24 558)
	-	-

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Construction contracts, Operational Revenue and disclosure pertaining to Agents are disclosed in Notes 6, 27 and 58.

Housing Project: Malmesbury De Hoop

Current-year receipts	23 652 408	2 886 621
Conditions met - transferred to revenue	(23 652 408)	(2 984 088)
Transferred to debtors	-	97 467
	-	-

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Construction contracts, Operational Revenue and disclosure pertaining to Agents are disclosed in Notes 6, 27 and 58.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
30. Government grants and subsidies (continued)		
Housing Project: Riebeek Kasteel		
Balance unspent at beginning of year	7 062 454	-
Current-year receipts	3 408 322	17 287 898
Construction contracts current-year receipts	-	3 992 800
Conditions met - transferred to revenue	(10 470 776)	(10 225 444)
Construction contracts revenue recognised	-	(3 992 800)
	-	7 062 454

Conditions still to be met - remain liabilities (see note 18).

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Construction contracts, Operational Revenue and disclosure pertaining to Agents are disclosed in Notes 6, 27 and 58.

Housing: Riebeek Wes

Balance unspent at beginning of year	1 245 863	1 245 863
Construction contracts opening balance	473 733	2 163 676
Transfer opening balance from unspent grant (GRAP 23) to Construction Contracts	(78 900)	-
Construction contracts current-year receipts	2 741 405	1 242 928
Construction contracts revenue	(3 215 138)	(3 880 337)
Construction contracts due from customers	-	473 733
	1 166 963	1 245 863

Conditions still to be met - remain liabilities (see note 18).

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Construction contracts, Operational Revenue and disclosure pertaining to Agents are disclosed in Notes 6, 27 and 58.

Housing Project: Sibanye-Moorreesburg

Balance unspent at beginning of year	50 541	-
Construction contracts opening balance	6 917	-
Current-year receipts - Unspent Grant	76 350	8 477 004
Current-year receipts - Operational Revenue: Housing Services	19 732	29 768
Construction contracts current-year receipts	8 870	1 160 187
Current-year receipts considered to be GRAP 109 receipts o.b.o. Housing Beneficiaries	65 774	99 226
Conditions met - transferred to revenue: Government grants	(115 349)	(8 426 463)
Operational Revenue: Housing Services	(19 732)	(29 768)
Construction contracts revenue	(15 787)	(1 153 270)
GRAP 109 Payments o.b.o. Housing Beneficiaries	(65 774)	(99 226)
Construction contracts advances from customers	-	(6 917)
	11 542	50 541

Conditions still to be met - remain liabilities (see note 18).

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Construction contracts, Operational Revenue and disclosure pertaining to Agents are disclosed in Notes 6, 27 and 58.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
30. Government grants and subsidies (continued)		
Integrated National Electrification Programme		
Current-year receipts	5 652 000	5 000 000
Conditions met - transferred to revenue	(5 652 000)	(5 000 000)
	-	-

Funds made available for the electrical network to the proposed area where low cost houses are build and the electrification of these houses.

Libraries

Balance unspent at beginning of year	4 247	-
Current-year receipts	10 788 000	9 607 000
Conditions met - transferred to revenue	(10 788 000)	(9 602 753)
Refunded to funder	(4 247)	-
	-	4 247

Conditions still to be met - remain liabilities (see note 18).

Grant provided for the partial funding of the operational and capital costs of libraries in the area under the jurisdiction of the Swartland Municipality.

Local Government Financial Management Grant

Current-year receipts	1 550 000	1 550 000
Conditions met - transferred to revenue	(1 550 000)	(1 550 000)
	-	-

The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities entailing, among others, capacity building, the implementation of municipal finance management legislation and regulating policies and compliance with generally accepted municipal accounting practices.

Municipal Accreditation and Capacity Building

Balance unspent at beginning of year	238 000	224 000
Current-year receipts	-	238 000
Conditions met - transferred to revenue	(176 985)	(224 000)
	61 015	238 000

Conditions still to be met - remain liabilities (see note 18).

Funds received for the remuneration of an intern for the Department of Community Services.

Municipal Infrastructure Grant

Current-year receipts	22 923 000	21 301 000
Conditions met - transferred to revenue	(22 923 000)	(21 301 000)
	-	-

Funds utilised for the upgrading of existing infrastructure in its area of jurisdiction and/or the erection / construction of new amenities required for service delivery and the development of sport.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
30. Government grants and subsidies (continued)		
Proclaimed Roads Subsidies		
Current-year receipts	175 000	6 317 905
Conditions met - transferred to revenue	(175 000)	(6 317 905)
	-	-
Expenditure incurred by the Municipality in connection with the maintenance of proclaimed main roads falling under the jurisdiction of the Municipality, in accordance with a budget approved by the PAWC, which costs are partly recoverable from the Administration.		
Rebuilding of fire damaged houses		
Balance unspent at beginning of year	97 252	97 252
Conditions met - transferred to revenue	(97 252)	-
	-	97 252
Conditions still to be met - remain liabilities (see note 18).		
Funds made available for the rebuilding of houses which burned down.		
Regional Socio-Economic Project (RSEP)		
Balance unspent at beginning of year	3 186 291	-
Current-year receipts	3 000 000	4 000 000
Conditions met - transferred to revenue	(6 186 291)	(813 709)
	-	3 186 291
Conditions still to be met - remain liabilities (see note 18).		
Funds received from PAWC for the social upliftment in lower income areas to improve living conditions and combat crime.		
Sondeza		
Current-year receipts	-	95 523
Conditions met - transferred to revenue	-	(95 523)
	-	-
Funds received from PAWC for the hosting of a Youth Camp.		
Sports Development Grant		
Current-year receipts	-	320 000
Conditions met - transferred to revenue	-	(320 000)
	-	-
Funds received for the enhancement of existing sports ground.		
Thusong Centre Refurbishment		
Current-year receipts	150 000	-
Conditions met - transferred to revenue	(150 000)	-
	-	-
Funds received from PAWC for certain repairs to the Thusong Centre.		

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
30. Government grants and subsidies (continued)		
Title Restoration Housing		
Balance unspent at beginning of year	285 262	287 000
Conditions met - transferred to revenue	(145 065)	(1 738)
	140 197	285 262
Conditions still to be met - remain liabilities (see note 18).		
Funds utilised for the title deed restoration for owners of low cost housing.		
Entrepreneurial Hub		
Balance unspent at beginning of year	164 500	164 500
Current-year receipts	287 500	-
Conditions met - transferred to revenue	(149 100)	-
	302 900	164 500
Conditions still to be met - remain liabilities (see note 18).		
Indoor/Outdoor Sport Centre - public contribution		
Balance unspent at beginning of year	141 039	2 000 000
Conditions met - public contributions	(141 039)	(1 858 961)
	-	141 039
Conditions still to be met - remain liabilities (see note 18).		
Fire Services Capacity Building		
Current-year receipts	732 000	-
Conditions met - transferred to revenue	(732 000)	-
	-	-
Funding was received for the purchase of fire fighting equipment.		
Reconciliation of grant allocation expenditure per vote (MFMA s123(c))		
Vote 1 - Corporate Services	11 211 085	10 254 381
Vote 2 - Civil Services	24 936 182	29 194 185
Vote 4 - Electricity Services	9 252 000	9 140 000
Vote 5 - Financial Services	1 692 714	1 880 000
Vote 6 - Development Services	44 726 057	38 052 836
Vote 7 - Municipal Manager	-	45 322
Vote 8 - Protection Services	4 430 177	4 843 036
	96 248 215	93 409 760
The above revenue were recognised as follows:		
Construction contracts	2 757 192	10 283 766
Government grants and subsidies	93 491 023	83 125 994
	96 248 215	93 409 760

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

31. Fines, Penalties and Forfeits

	2021	2020
Building Fines	107 327	86 484
Councillors Fines	652	43
Deposits	6 174	9 218
Illegal Connections	20 000	20 000
Library Abbotsdale	167	645
Library Chatsworth	375	607
Library Darling	3 332	3 413
Library Malmesbury	996	9 502
Library Moorreesburg	2 435	3 598
Library Riebeek Kasteel	1 044	1 391
Library Riebeek Wes	1 739	2 783
Library Wesbank	1 631	4 454
Prescribed Debt	-	9 130
Traffic Fines	28 255 800	22 593 797
	28 401 672	22 745 065

32. Licences and permits (non-exchange)

Application: Driver Licenses	777 916	544 076
Application: Instruction Certificate	1 004	1 435
Application: Learner Licenses	228 424	170 121
Application: Special Permits	39 840	38 304
Application: Temporary Permits	120 120	86 196
Drivers Licenses: Issue	384 568	306 806
Drivers Licenses: Temporary	64 764	63 551
Film Shooting	63 213	200 178
Instruction Certificates: Issue	29	172
Learners License: Duplicate	6 113	3 961
Learners License: Issue	62 414	47 722
Licences: Deregistration, Special and Other	32 950	26 100
Licenses: Trading	996	2 347
Professional Driver Permits	136 559	119 655
Registrations Vehicles	2 589 228	1 860 932
Registrations: Duplicate	119 130	90 915
	4 627 268	3 562 471

33. Public contributions and donations

Entrepreneurial Hub	290 139	-
Sondeza (SLIMSUN)	-	53 300
Contribution Sondeza (Germany)	-	25 699
Indoor / Outdoor Sport Centre (Donation)	-	1 858 961
	290 139	1 937 960

Conditions still to be met - remain liabilities (see note 18)

34. Vesting of properties and equipment

Vesting of properties	13 308 288	9 817 543
Vesting of equipment	66 578	106 778
	13 374 866	9 924 321

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
35. Employee related costs		
Employee related costs - Salaries and Wages	144 632 803	131 083 139
Employee related costs - Contributions for UIF, pensions, medical aids and other contributions	40 865 264	37 655 643
Bonuses: 13th cheque	11 407 369	10 334 392
Contribution to leave gratuity	1 356 024	5 549 654
Housing benefits and allowances	1 609 783	1 511 103
Overtime payments	13 107 189	14 418 338
Performance bonus	738 771	605 602
Travel, motor car, accommodation, subsistence and other allowances	19 510 533	17 970 702
Contribution to provision for post- retirement medical aid benefits	12 937 892	(536 999)
Contribution to long-service provision	2 112 101	2 025 752
	248 277 729	220 617 326

Remuneration of Municipal Manager

Annual Remuneration	1 497 257	1 387 909
Car Allowance	185 000	185 000
Performance Bonuses	253 224	254 649
Contributions to UIF, Medical and Pension Funds	394 151	444 945
Cellphone Allowance	40 800	40 800
Leave Pay	77 915	-
	2 448 347	2 313 303

Remuneration of Chief Finance Officer

Allowance	-	88 053
Annual Remuneration	1 230 142	948 723
Car Allowance	44 000	72 000
Contributions to UIF, Medical and Pension Funds	294 335	260 885
Cellphone Allowance	40 800	40 800
Performance Bonuses	158 495	163 526
Leave pay	61 420	-
	1 829 192	1 573 987

Remuneration of Director: Corporate Services

Annual Remuneration	1 223 543	1 138 707
Car Allowance	60 177	60 177
Cellphone Allowance	40 800	40 800
Contributions to UIF, Medical and Pension Funds	294 734	289 788
Long Service Award	-	118 996
	1 619 254	1 648 468

Remuneration of Director: Civil Engineering Services

Annual Remuneration	1 186 377	934 838
Car Allowance	96 000	96 000
Performance Bonuses	163 526	163 526
Contributions to UIF, Medical and Pension Funds	277 052	247 770
Allowance	-	88 053
Cellphone Allowance	40 800	40 800
Long service award	111 579	-
	1 875 334	1 570 987

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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35. Employee related costs (continued)

Remuneration of Director: Electrical Engineering Services

Annual Remuneration	1 095 730	966 596
Car Allowance	148 137	148 137
Contributions to UIF, Medical and Pension Funds	301 783	347 100
Cellphone Allowance	40 800	40 800
Leave Pay	61 420	47 282
Bonuses: 13th Cheque	79 533	79 533
	1 727 403	1 629 448

Remuneration of Director: Development Services

Annual Remuneration	1 148 574	905 669
Car Allowance	120 000	120 000
Contributions to UIF, Medical and Pension Funds	288 258	249 370
Cellphone Allowance	40 800	40 800
Performance Bonus	163 526	23 900
Allowance	-	58 473
	1 761 158	1 398 212

Remuneration of Director: Protection Services

Annual Remuneration	1 030 433	902 666
Car Allowance	228 000	228 000
Cellphone Allowance	40 800	40 800
Leave Pay	61 420	48 013
Bonuses: 13th Cheque	74 794	74 794
Long Service Award	-	96 026
Contributions to UIF, Medical and Pension Funds	281 730	320 477
	1 717 177	1 710 776

Remuneration of individual reporting directly to the Municipal Manager (Senior Manager: Strategic Services) (Former)

Annual Remuneration	572 558	921 744
Car Allowance	17 407	29 841
Cellphone Allowance	3 150	5 400
Leave pay (due to resignation)	114 837	-
Contributions to UIF, Medical and Pension Funds	136 501	226 741
	844 453	1 183 726

The senior manager resigned as at 31 January 2021.

Remuneration of individual reporting directly to the Municipal Manager (Senior Manager: Strategic Services) (Current)

Annual Remuneration	320 152	-
Car Allowance	67 950	-
Contributions to UIF, Medical and Pension Funds	80 530	-
Cellphone allowance	2 250	-
	470 882	-

Employee was promoted to Senior Manager as from 1 February 2021.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
36. Remuneration of councillors		
Executive Mayor	606 161	606 161
Deputy Executive Mayor	585 285	585 285
Mayoral Committee Members	1 858 771	1 810 880
Speaker	457 336	459 034
Councillors	3 820 483	3 763 180
Councillors' - travelling allowances	1 349 381	1 405 906
Councillors' - cellular and telephone	1 008 250	1 020 842
Councillors' - pension contribution	1 013 661	1 000 062
Councillors' - medical aid contribution	157 396	239 309
	10 856 724	10 890 659

In-kind benefits

The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties.

37. Bulk purchases

Electricity - Eskom	252 179 935	229 091 017
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Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

Distribution losses are disclosed in Note 65.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
38. Contracted services		
Outsourced Services		
Actuaries	9 000	8 500
Alien Vegetation Control	45 000	48 500
Burial services	2 310	1 175
Business and financial management	2 208 786	1 910 083
Catering services	328 378	570 520
Cleaning Services	329 878	228 528
Clearing and Grass Cutting Services	50 783	54 199
Commissions and committees	15 600	31 730
Connection/Disconnection - Electricity	572 637	1 138 752
Connection/ Disconnection - Water	1 051 565	771 141
Drivers Licence Cards	120 000	-
Dumping site	4 805 647	5 000 276
Electrical	381 243	176 420
Fire Protection	37 500	110 750
Hygiene services	80 623	99 830
Litter picking and street cleaning	5 026 177	4 026 586
Meter management	31 541	53 823
Mini dumping sites	185 685	165 466
Outsourced Services: Researcher	12 480	13 530
Quality control	518 111	541 096
Professional Staff	8 900	-
Refuse Removal	1 140 059	1 066 529
Research and advisory	2 635 950	2 344 891
Security services	1 967 392	1 925 874
Stage and sound crew	2 500	11 500
Swimming supervision	23 400	43 560
Traffic fine management	2 009 498	1 693 162
Translators, scribes and editors	47 461	52 564
Transport Services	192 774	284 942
Valuers and assessors	745 394	666 320

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
38. Contracted services (continued)		
Contractors		
Artists and performers	-	4 475
Audit committee	97 451	88 470
Communications	105 000	83 200
Construction of Low Cost Housing	2 757 191	10 283 766
Employee wellness	14 035	6 700
Engineering - Civil	1 461 732	2 249 353
Fire Protection	9 222	38 174
Forestry	198 000	342 014
Gardening Services	51 077	57 410
Gas	930	1 590
Harbour services	177 600	-
Laboratory services - Water	97 680	132 924
Legal costs	1 061 247	2 104 168
Maintenance of Assets	11 566 809	17 009 396
Maintenance of Buildings and Facilities	3 482 826	5 410 169
Maintenance of Equipment	4 683 019	4 545 617
Management of Informal Settlements	-	2 534
Medical Health Services	10 668	-
Medical Services	7 351	7 273
Organic and Building Refuse Removal	213 915	154 429
Other Housing Expenditure	149 932	71 706
Pest control and fumigation	29 041	17 337
Planning: Electrical Engineer	125 391	118 843
Planning: Mechanical Engineer	281 676	282 762
Planning: Town Planner	236 835	607 754
Risk Management	1 317	4 000
Town Beautification	117 220	-
Traffic and Street Lights	116 588	72 427
Transportation	1 926	993
	51 641 951	66 737 731
39. Depreciation and amortisation		
Property, plant and equipment	86 943 195	86 709 485
Investment property	59 184	59 879
Intangible assets	217 690	223 206
	87 220 069	86 992 570
40. Finance costs		
Unwinding of interest for provisions	2 020 927	1 298 455
Long term borrowings	11 933 513	13 154 060
	13 954 440	14 452 515

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
41. Grants and subsidies paid		
Other subsidies		
Non-profit institution		
ACVV	-	100 000
Bergvriër Canoe Marathon	30 000	-
Darling Outreach	-	100 000
Goedgedacht Trust	-	100 000
National Sea Rescue Institute	31 560	82 456
SPCA	295 507	280 900
Yzerfontein Conservancy	71 936	68 380
Museums		
Darling	55 171	52 444
Malmesbury	55 171	52 444
Oude Kerk	55 171	52 444
Wheat Industry	55 171	-
Tourism		
Swartland and Coastal Area	816 489	766 656
* Social Upliftment		
COVID 19 Food Parcels (In-Kind)	-	855 963
Darling Focus	44 268	42 080
Elkana Childcare	49 802	47 340
HUB R27	5 814	34 882
Huis van Heerde	98 398	92 471
Jo Dolphin	55 335	52 600
Multi-Purpose Centre: Moorreesburg	44 268	42 080
Night Shelter	27 668	26 300
Old Age Homes	904 278	890 381
Student Bursaries	148 175	139 151
Title Restoration	145 065	-
	2 989 247	3 878 972

Due to the need in the Swartland Municipal area for expert services and resources to support effective domestic animal management initiatives and controls, for which the Municipality does not have the resources, it is deemed necessary, from a perspective of serving the community, for the Municipality to contribute financially towards the operational costs of the SPCA.

The National Sea Rescue Institute (NSRI) is a non-profit organisation dedicated to the preservation of all persons at sea. Their members provide their services on a voluntary basis and the organisation is dependent on donations and sponsorship from the public. The NSRI operates a base from Yzerfontein providing a rescue service to the commercial and recreational fishing boats as well as bathers in the vicinity. Financial assistance by the Municipality is intended to enable the organisation to fund some of its operations as the Municipality cannot offer this essential service.

The Yzerfontein Urban Conservancy came into being to preserve and promote, on a voluntary basis, the conservation of the environment and heritage in, specifically, the sensitive coastal region within the boundaries of the Yzerfontein Local Nature Reserve. Financial assistance by the Municipality is intended to enable the Organisation to fund its programmes.

Museums generally do not generate sufficient income from own resources, and are therefore dependent on financial aid from the public and organisations to meet their financial needs and obligations. The Municipality, consequently regards it appropriate to contribute financially to this end.

The aim of * Social Upliftment organisations entails the social upliftment of the poor and disadvantaged section of the community. Financial aid by the Municipality to these organisations, as well as assistance in counselling and advisory services, is intended to enable them to fulfil the said aim.

2019/20: As a result to the national lockdown, many families needed urgent support to ensure that their families are fed. The amounts paid to Goedgedacht Trust, Darling Outreach and ACVV were payments made to Non-profit institutions in order to respond to the needs of those communities where these institutions are active. Further relief was provided through the issuance of food parcels directly to needy households as indicated. No such transactions were entered into for the year ended 30 June 2021.

Swartland Municipality

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Figures in Rand	2021	2020
42. Operational cost		
Advertising, publicity and marketing	1 665 037	1 463 163
Assets less than the capitalisation threshold	193 109	174 876
Bank Charges, facility and card fees	320 651	311 079
Bank charges, fleet cards	1 135 205	913 421
Cleaning services: Car valet and washing services	3 900	1 600
Cleaning services: Laundry services	-	1 220
Commission: Prepaid electricity	1 285 324	1 219 944
Commission: Third party vendors	625 526	471 085
Communication: Bulk message service	122 016	192 526
Communication: Cellular contract (Subscription and calls)	10 220	12 789
Communication: Licences (Radio and television)	25 994	17 466
Communication: Postage/Stamps/Frinking machines	1 090 202	1 033 661
Communication: Telephone, fax, telegraph and telex	616 670	660 332
Community development and training	28 399	-
Deeds	50 214	36 764
Entertainment: Mayor	2 553	20 662
Entrance fees	-	78 007
External audit fees	2 798 989	2 587 864
External computer service	6 283 590	3 414 345
Full time union representative	85 006	79 199
Indigent relief	1 445 061	1 279 939
Insurance	2 566 816	1 920 511
Levies paid - Water resource management charges	3 201	-
Licences: Motor vehicle licence and registrations	584 147	688 562
Licences: Performing arts	47 197	45 529
Operating leases - Machinery, equipment and other	2 988 695	2 584 360
Other	13 962	17 970
Parking fees	78 542	78 249
Printing, publications and books	264 360	341 646
Professional bodies, membership and subscription	2 366 861	2 205 161
Registration fees	8 870	57 549
Remuneration to ward committees	471 750	364 023
Rendering of services	-	-
Resettlement cost	-	127 500
Servitudes and land surveys	435 549	612 880
Signage	93 585	122 194
Skills development fund levy	1 717 133	1 544 777
Travel and subsistence	203 905	440 338
Uniform and protective clothing	2 342 409	2 240 432
Vehicle tracking	258 562	252 378
	32 233 210	27 614 001
43. Other materials		
Consumables	5 633 628	4 636 233
Consumables: Zero rated	8 111 429	7 765 998
Inventory consumed: Water	17 154 705	13 096 987
Materials and supplies	965 114	944 541
	31 864 876	26 443 759

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
44. Impairment of assets and receivables		
Impairment of fixed assets		
Property, plant and equipment	3 287 577	1 435 202
Investment property	2 925 778	37 000
	6 213 355	1 472 202
Impairment of receivables		
Trade and other receivables	(458 431)	1 813 072
Total impairment losses recognised (reversed)	5 754 924	3 285 274

Refer to notes 3 and 4 for the gross movements on Receivables from Exchange and Non-exchange.

45. Loss on disposal of assets

Carrying value of Property, Plant and Equipment disposed	7 535 816	6 826 842
Carrying value of Investment Properties disposed	2 688 511	1 253 347
Carrying value of Intangible assets disposed	3 085	24 738
Less disposals to inventory (non-current to current assets)	(2 834 442)	(181 160)
	7 392 970	7 923 767

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
46. Cash generated from operations		
Surplus	141 785 709	128 511 199
Adjustments for:		
Depreciation and amortisation	87 220 069	86 992 570
Loss on sale of property, plant and equipment	7 222 571	4 783 790
Gain on sale of assets and liabilities	(1 012 183)	(498 856)
Unwinding of interest on landfill site provision	2 020 927	1 298 455
Vesting of properties	(13 374 866)	(9 924 321)
Donated property, plant and equipment	(33 042)	(1 365 864)
Water losses	4 550 757	1 846 349
Impairment losses on non-current assets	6 213 354	1 472 202
Accrued interest income	240 372	(278 571)
Movement on employee benefit provision	10 994 000	3 709 936
Changes in working capital:		
Inventories	(4 096 679)	1 170 648
Receivables from exchange transactions	(4 301 191)	(12 575 128)
Other receivables from non-exchange transactions	(2 621 992)	1 566 921
Construction contracts and receivables	466 818	(2 655 051)
Payables from exchange transactions	1 402 522	(5 707 588)
VAT	(9 519 473)	5 611 937
Unspent conditional grants and receipts	(13 295 863)	8 484 998
Consumer deposits	1 465 590	1 080 448
Movement in operating leases	(49 117)	(4 944)
	215 278 283	213 519 130
Property, plant and equipment purchased		
Additions as per note (including transfers)	214 399 564	121 297 287
Non-cash transactions included in profit or loss (e.g. gains on vesting of properties and equipment)	(9 329 602)	(9 340 683)
Movement on accruals of Property, Plant and Equipment	(7 601 525)	(8 984 968)
Non-cash movement in Provision for landfill site (changes in market values)	(1 748 919)	(2 563 726)
	195 719 518	100 407 910
Investment property purchased		
Additions as per note (including transfer)	4 962 775	1 949 500
Non-cash transactions included in profit or loss (e.g. gains on vesting of properties and equipment)	(4 078 307)	(1 949 500)
	884 468	-

47. Budget differences

Material differences between budget and actual amounts

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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47. Budget differences (continued)

Current assets: Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury. In the Budget Statement of Financial Position consumer debtors consist of receivables from exchange and non-exchange transactions. The budget format does not allow for various debtor balances to be disclosed separately. For this reason Operating leases and VAT are all incorporated under Other debtors whilst Property Rates are incorporated under Consumer Debtors.

Non-current assets: The current portion of Long- Term and Finance Leases Receivables are not included in Current Assets but the net of the Long Term and Finance Lease receivable portion. Heritage assets are incorporated under Other Non- Current Assets.

Current liabilities: Unspent conditional grants and receipts and Operating lease liabilities are included under Payables from Exchange Transactions. The current portion of VAT payable and the current portion of Employee benefit liabilities are incorporated in provisions.

Non-current liabilities: Current portion of Finance Lease liabilities are included in Finance Lease Liabilities. Employee benefits are incorporated in provisions. Finance lease liabilities are included in Long term borrowings. Statutory Funds are included in Reserves.

Explanation of material variances:

Revenue:

47.1 Service charges - water: Water consumption increased significantly more than budgeted following the water restrictions that were removed in September 2020.

47.2 Rental of facilities and equipment: Rental from a newly acquired building was expected, but the deed is not yet registered in the municipality's name therefore we could not charge any rental income (R389 000).

47.3 Fines, penalties and forfeits: The value of fines issued and subsequent impairment increased significantly higher than our expectations during the adjustments budget stage.

47.4 Other Revenue: Construction contracts revenue (R 2 757 192), Development charges (R 600 000), Housing (R150 000) and Insurance proceeds (R118 000) cannot be budgeted for accurately due to the nature and timing of these amounts.

47.5 Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions): This item cannot be budgeted for accurately due to the nature and timing of these amounts.

47.6 Gains: This item cannot be budgeted for accurately due to the nature and timing of these amounts.

Expenditure:

47.7 Contracted Services: Repairs and maintenance was significantly less than expected (approximately R 4 million)

47.8 Grants and subsidies paid: Due to various applicants not meeting the qualifying criteria, the bursary and title restoration projects did not meet its targets (Approximately R 150 000 shortfall on each).

47.9 Operational Costs: Specific projects were not deemed necessary (R 9 million) and savings on the external computer services (R 1 million) and travel and subsistence (R 500 000) resulted in the majority of the budget differences.

47.10 Losses: This item cannot be budgeted for accurately due to the nature and timing of these amounts.

Assets

47.11 Inventories: In the prior year, year-end stock levels were low. This expectation did not materialise..

47.12 Operating lease and Finance lease assets: The two lines were combined in the budget..

47.13 Other debtors and Vat receivables: Included in the balance for other debtors is a refund from the Water Service Concession Arrangement (R 13 million) and the VAT was included in the payables balance.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

47. Budget differences (continued)

Liabilities:

47.14 Other financial liabilities: Budget was based on the payment for the year actual rather than the expected balance at year end.

47.15 Current and Non-Current Employee Benefits and Provisions: Current Employee Benefits included the 13th Cheque accrual. In the this item was classified to Payables in terms of GRAP as the treatment is consistent with that of an accrual rather than a provision. The Non-current movement is reasonable in comparison to the original budget. The majority of the adjustments to the budget pertains to the actuarial gain that was expected on the post-employment scheme. The actual result was a loss (R 5 million), which results in an overall movement from the budget of R 13 million.

47.16 Construction Contracts Payable and Unspent grants and receipts: The budgeted amount includes the current portion of the employee benefits and the budget for unspent grants and receipts per the NT prescribed budget format.

Cash flow from investing activities

47.17 Proceeds on sale of Property, plant and equipment and Investment property: The prescripts of the NT budget do not have any allocation for proceeds on sale of Investment Property. Some assets could not be sent to auction as the replacement assets were not received timeously resulting in an overall shortfall on the budget auction proceeds.

47.18 Purchase of Investment property: The budget for this account balance is included under the purchases for Property, plant and equipment as per NT Budget prescripts.

47.19 Repayment of Other financial liabilities: The budgeted amount was based on the original budget (in terms of the strategic plan) rather than the actual results of the prior year.

47.20 Increase in consumer deposits: This line is included under Payments made for purposes of GRAP, whilst National Treasury's budget guideline treats the item differently.

Changes from the approved budget to the final budget

Changes between the original and final adjustments budget are due to budget adjustments that are approved by council. Furthermore, for operational and capital expenditure, some virements were approved based on the municipal delegation of authority. No material budget or significant virements were noted.

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
48. Repairs and maintenance expenditure		
Movable Assets	6 918 730	6 260 225
Furniture and Office Equipment	20 321	31 565
- Contracted Services	20 321	31 565
Machinery and Equipment	1 092 316	822 944
- Contracted Services	947 952	700 843
- Inventory Consumed	144 364	122 101
Transport Assets	5 271 141	5 105 385
- Contracted Services	5 271 141	5 105 385
Computer Equipment	534 952	300 331
- Contracted Services	167 543	291 831
- Other Operational Costs	367 409	8 500
Community Assets	2 342 178	2 491 533
- Contracted Services	2 342 178	2 491 533
Other Assets	1 580 223	3 593 278
- Contracted Services	1 580 223	3 593 278
Intangible Assets	3 441 798	1 586 653
- Contracted Services	3 441 798	1 586 653
Infrastructure Assets	36 291 609	39 409 651
Electrical Infrastructure	1 884 077	2 232 161
- Contracted Services	152 494	107 636
- Inventory Consumed	1 081 982	1 073 637
- Labour	649 601	1 050 888
Roads Infrastructure	4 972 306	10 566 651
- Contracted Services	4 972 306	10 566 651
Sanitation Infrastructure	3 714 657	3 255 064
- Contracted Services	3 714 657	3 255 064
Solid Waste Disposal Infrastructure	6 739 634	6 708 862
- Contracted Services	5 342 694	5 516 738
- Labour	1 387 737	1 188 738
- Other Operational Costs	9 203	3 386
Storm Water Infrastructure	17 773 785	15 454 765
- Contracted Services	547 029	669 166
- Inventory Consumed	30 265	26 604
- Labour	16 444 724	14 290 861
- Other Lease Expenditure	307 994	79 440
- Other Operational Costs	443 773	388 694
Water Supply Infrastructure	1 207 150	1 192 148
- Contracted Services	1 207 150	1 192 148
	50 574 538	53 341 340

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
49. Capital commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment - Infrastructure	68 484 210	163 338 626
• Property, plant and equipment - Other	12 850 548	1 367 623
	81 334 758	164 706 249

Non-cancellable Operating Lease Commitments are disclosed in Note 9.

Amounts are exclusive of VAT and the amount for infrastructure includes escalation cost.

50. Contingencies

Guarantees in favour of Eskom	70 900	70 900
Guarantees in favour of South African Post Office Limited	200 000	100 000
	270 900	170 900

Indeterminable Indeterminable

The plaintiff, Cape Lifestyle Investments Ltd instituted an application in the High Court for eviction of illegal occupiers from private property known as the farm Groene Rivier No. 821 (Chatsworth). The eviction order has been granted, but an appeal at the Supreme Court of Appeal was granted. The case has been postponed indefinitely. The municipality is the 4th respondent. Our potential liability is limited to having to install services on the property if the appeal is granted.

370 000 370 000

The plaintiff, Paulus Smit N.O. instituted an application to WC High Court for order directing the municipality to, inter alia erect a wall between Mr Smit's farm property and that of the Municipality. Judgement was delivered on 23 August 2019 with the municipality having to pay R370 000 as a contribution to the erection of a wall by the applicant. Payment is contingent on the wall being erected. The wall has not yet been erected and it is uncertain whether such will be erected in the near future. Accordingly the matter is still pending as at 30 June.

- 177 817

The plaintiff, Matilda Vries instituted a claim for damages instituted in Malmesbury Magistrate's Court for alleged breach of employment contract for cleaning services rendered in Moorreesburg. The plaintiff accepted a settlement offer of R75 000 in March 2021.

Indeterminable Indeterminable

The plaintiff, AC Appollis made an application at the Western Cape High Court for joinder of Municipality in a claim against Western Cape Health Department for payment of R1 482 145 as a result of WCHD's failure to inform 3rd respondent (fund administrator: Prosperity Management Africa (Pty) Ltd) of her early retirement. The Western Cape Health Department applied to make the municipality a respondent to the matter in order to make the municipality jointly liable for the settlement that might be due.

- 451 221

The plaintiff, Mr MJ Philips instituted a claim in the Western Cape High Court on 25 May 2016 for compensation to be paid by Swartland Municipality, for alleged injuries suffered at Abbotsdale rugby field in the amount of R451 221. The plaintiff accepted a settlement offer of R450 000 in September 2020.

Bank guarantees provided to Eskom for the supply of electricity to the Municipality for distribution amongst consumers. The guarantees are covered to a large extent by cash deposits recovered from the individual consumers of electricity within the municipal area.

Swartland Municipality

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Figures in Rand	2021	2020
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50. Contingencies (continued)

A bank guarantee has been obtained from Standard Bank and issued to the SA Post Office which serves as security in respect of the payment for the monthly delivery of the municipal accounts.

Contingent asset

The municipality also is involved in various individual building & land use matters, eviction applications, etc.

51. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	107 948 337	117 966 272
Used to finance property, plant and equipment	(107 948 337)	(117 966 272)
Cash set aside for the repayment of long-term liabilities	8 463 163	10 017 935
	8 463 163	10 017 935

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

52. Non-cash investing and financing activities

The Municipality was engaged in exchange transactions of non-monetary assets during the year. Various municipal properties were exchanged for similar assets acquired from the registered owners.

53. In-kind donations and assistance

The municipality received services in-kind under voluntary or non-voluntary schemes which included free training, workshops and technical assistance from government departments and entities. These services in-kind have not been recognised as they were assessed not to be significant to the municipality's operations and/or basic service delivery objectives and are not measurable.

Swartland Municipality

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Figures in Rand	2021	2020
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54. Related parties

Relationships

Accounting Officer	Refer to accounting officer's report note
Other spheres of government and other municipalities	
Councillors	
Members of key management	Refer to note 35

Municipal services rendered to related parties

During the year the municipality rendered services to the following parties that are related to the municipality as indicated. All of the transactions are at arms-length and therefore disclosure is not required. Disclosure is included in order to ensure compliance with other laws and regulations as applicable.

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

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel (managers directly accountable to the Municipal Manager). No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Services rendered to key management personnel occurred within normal supplier and customer relationships on terms and conditions no more or less favourable than those which the municipality is reasonable to expect to have adopted if dealing with the individual persons in the same circumstances. These terms and conditions are within the normal operating parameters established by the municipality's legal mandate.

No councillor was in arrears for more than 90 days.

30 June 2021

	Rates	Service Charges	Other	Outstanding Balances
Councillors	89 173	521 662	11 508	51 682
Municipal Manager and Section 57 Personnel	38 218	211 268	(17 689)	18 324
	127 391	732 930	(6 181)	70 006

30 June 2020

	Rates	Service Charges	Other	Outstanding Balances
Councillors	81 902	421 233	(18 996)	37 026
Municipal Manager and Section 57 Personnel	33 455	141 151	(7 098)	14 628
	115 357	562 384	(26 094)	51 654

Related Party Loans

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004.

Purchases from Related Parties

No purchases were made from related parties that are considered to not be at arms-length. In terms of the municipal accounting policy, transactions and balances that are at arms-length will not be separately disclosed.

The water service concession arrangement would not have been entered into with any party other than a related party. The details of the water service concession arrangement are included in Note 59.

Compensation of key personnel

The compensation of key management personnel is set out in Note 35.

Swartland Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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55. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At fair value	At amortised cost	Total
Cash and cash equivalents	23 465	640 180 540	640 204 005
Receivables from Exchange Transactions	-	87 842 587	87 842 587
Finance lease receivables	-	1 893	1 893
	23 465	728 025 020	728 048 485

Financial liabilities

	At fair value	At amortised cost	Total
Payables from exchange transactions	-	84 639 300	84 639 300
Consumer deposits	15 296 606	-	15 296 606
Unspent conditional grants	-	3 554 142	3 554 142
Other financial liabilities	-	107 948 337	107 948 337
Construction contracts	-	341 135	341 135
	15 296 606	196 482 914	211 779 520

2020

Financial assets

	At fair value	At amortised cost	Total
Cash and cash equivalents	19 265	630 346 632	630 365 897
Receivables from exchange transactions	-	83 781 769	83 781 769
Construction contracts	-	125 682	125 682
Finance lease receivables	-	2 677	2 677
	19 265	714 256 760	714 276 025

Financial liabilities

	At fair value	At amortised cost	Total
Payables from exchange transactions	-	77 373 031	77 373 031
Consumer deposits	13 831 016	-	13 831 016
Unspent conditional grants and receipts	-	16 850 005	16 850 005
Other financial liabilities	-	117 966 272	117 966 272
	13 831 016	212 189 308	226 020 324

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

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56. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits, implement controls and monitor adherence.

Due to the large non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's Performance and Risk Audit committee, an independent body that monitors the effectiveness of the internal audit function.

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed below.

Consumer Deposits (*) are disclosed at the value that could be repayable in the following year. It is unlikely that the full balance would become payable as consumer accounts are expected to remain similar year to year. By implication, if the consumer deposit is paid, a similar receipt from a different customer would be expected. The balance is however disclosed in order to indicate a conservative liquidity risk.

Previously, the Other financial liabilities' maturity analysis was disclosed inclusive of interest payable. Upon reconsideration, it was thought more prudent to disclose only the capital portion due as this balance affects the liquidity as at 30 June 2020. The balance at year end is therefore comparable to the maturity analysis. Only the capital is due as at year end, while interest only accrues in the future (future costs not taken into account).

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

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Figures in Rand	2021	2020
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56. Risk management (continued)

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	84 639 300	-	-	-
Consumer deposits (*)	15 296 606	-	-	-
Unspent conditional grants and receipts	3 554 142	-	-	-
Other financial liabilities	8 463 163	8 634 196	28 718 935	62 132 043
Construction contracts	341 135	-	-	-
At 30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	77 373 031	-	-	-
Consumer deposits (*)	13 831 016	-	-	-
Unspent conditional grants and receipts	16 850 005	-	-	-
Other financial liabilities	10 017 935	8 463 163	26 847 895	72 637 279

Credit risk

Credit risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities. Maximum exposure to credit risk is not covered by collateral unless otherwise specified. Each class of financial instrument is disclosed separately.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The municipality exposure to the credit risk is wide-spread, but a single significant debtor, Sasko (Pty) Ltd can be noted as disclosed in Note 3.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2021	2020
Cash and cash equivalents	640 180 540	630 365 897
Receivables from exchange transactions	93 377 575	93 341 321
Construction contracts	-	125 682
Finance lease receivables	1 893	2 677

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note 50 for additional details.

The gross balance from receivables has been grouped into risk groupings (Group 1-3). Group 1 are those debtors with a high certainty of timely payment. Risk of non-payment is considered to be low as these receivables maintained a payment rate of more than 70 %. Group 2 are those debtors with a reasonable certainty of timely payment. The risk of non-payment is considered to be moderate as these receivables maintained a payment rate of 50 - 70 % during the year. Group 3 are those debtors for which the risk factors of non-payment are larger as these receivables had a payment rate of below 50 % during the year.

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56. Risk management (continued)		
Gross balances of receivables from exchange transactions	2021	2020
Group 1	73 373 165	71 584 381
Group 2	1 377 046	4 816 980
Group 3	18 627 364	16 912 960
	93 377 575	93 314 321

Market risk

Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term debtors, consumer debtors, other debtors, and bank and cash balances.

The municipality is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates.

At 30 June 2021, if interest rates on Rand-denominated borrowings had been 2% higher/lower (200 basis points) with all other variables held constant, post-tax surplus for the year would have been R 12 162 989 (2020: R 10 627 776) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

57. Segment information

General information

The municipal management accounts that are used to review the performance of the municipality are based on National Treasury's Budget schedules as published in the Municipal Budget Reporting Regulations. The management accounts therefore comprise the actual consolidated GRAP results which are presented two different segmental reports: 1) MSCOA's Function Segment and the Municipal Standard Classification (Votes 1-8). Monthly management accounts are however only reviewed for purposes of measuring performance in terms of the municipal organogram (Municipal Votes). Therefore only this report has been presented. The monthly municipal management accounts are available on the municipal website. Details of each municipal service has been reported in the annual performance report.

All figures reported in the management accounts are based on the measurement principles of GRAP. Interdepartmental transactions are already eliminated in the published figures order to present the GRAP accounting to management when reviewing performance.

Management does not review segmented profit or loss as segments are reviewed based on the budget expectations for revenue and expenditure rather than the overall net-profit result. As segmented profit is not reviewed, this has not been presented. For the segment report, only total revenue and total expenditure is reviewed. The detailed breakdown of revenue and expenditure per AFS classification is not reviewed on a segment report level in the monthly management meetings. The detailed analysis is reviewed by each individual manager, but these detailed results are not presented as part of the senior management discussions.

Swartland Municipality

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57. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021

	Actual	Final Budget	Budget Variance
Revenue			
Vote 1 - Corporate Services	11 433 227	12 311 827	(878 600)
Vote 2 - Civil Services	246 937 587	219 950 448	26 987 139
Vote 3 - Council	350 708	290 200	60 508
Vote 4 - Electricity Services	338 356 652	333 112 371	5 244 281
Vote 5 - Financial Services	219 040 348	212 312 543	6 727 805
Vote 6 - Development Services	51 755 378	55 305 441	(3 550 063)
Vote 8 - Protection services	54 360 516	49 734 514	4 626 002
Total segment revenue	922 234 416	883 017 344	39 217 072
Entity's revenue			39 217 072
Expenditure			
Vote 1 - Corporate Services	31 884 361	36 264 097	(4 379 736)
Vote 2 - Civil Services	259 989 762	265 097 101	(5 107 339)
Vote 3 - Council	16 781 455	18 119 955	(1 338 500)
Vote 4 - Electricity Services	309 088 618	313 917 786	(4 829 168)
Vote 5 - Financial Services	50 529 833	54 091 696	(3 561 863)
Vote 6 - Development Services	27 404 863	30 071 364	(2 666 501)
Vote 7 - Municipal Manager	7 373 329	8 216 874	(843 545)
Vote 8 - Protection Services	77 396 481	73 995 068	3 401 413
Total segment expenditure	780 448 702	799 773 941	(19 325 239)
Total segmental surplus/(deficit)	141 785 714	83 243 403	58 542 311

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	Actual	Final Budget	Budget Variance
57. Segment information (continued)			
Capital expenditure			
Vote 1 - Corporate Services	18 934 427	18 945 563	(11 136)
Vote 2 - Civil Services	118 654 268	121 485 642	(2 831 374)
Vote 4 - Electricity Services	19 593 036	20 134 000	(540 964)
Vote 5 - Financial Services	13 865 741	353 214	13 512 527
Vote 6 - Development Services	44 564 253	49 255 751	(4 691 498)
Vote 7 - Municipal Manager	3 203	3 203	-
Vote 8 - Protection Services	1 933 532	2 027 600	(94 068)
Reconciling items			
Landfill site (movement on provision)	1 748 919	-	-
Gains (not expenditure)	66 580	-	-
Total Capital Expenditure	219 363 959	212 204 973	5 343 487

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58. Accounting by principals and agents

The entity is a party to principal-agent arrangements.

Details of the arrangements are as follows:

Housing Arrangements

The Department of Housing has the mandate to provide basic housing to all citizens. The Provincial Department of Housing has entered into arrangements with the municipality in order to provide housing to those in need. In terms of the Guideline: Accounting for Arrangements in respect of the National Housing Programme, each individual transaction and arrangement is carefully considered in order to ensure the correct accounting treatment. Some deliverables meet the requirements of Construction Contracts (as we are considered the principal in these deliverables) whilst other deliverables are for the benefit of the municipality in the form of funding to install civil services. Furthermore, other deliverables are for the benefit of the beneficiaries of the housing. The installation of civil services is accounted for in terms of GRAP 23: Revenue from Non-exchange transactions, as conditional grants. Other deliverables for the benefit of the municipality results in the acquisition of land which is accounted for in terms of GRAP 9: Revenue from Exchange Transactions. Certain transactions meets the definition of services rendered and are accounted for as Other Revenue. The sale of land forms part of gains and losses disclosed. Other deliverables are not for the benefit of the municipality, but rather directly received and paid for the benefit of the beneficiaries of the housing project. These expenses are not accounted for by the municipality as per the principles of GRAP 109.

Other Arrangements

The municipality has entered into arrangements with service providers where they provide services to the public on behalf of the municipality. The nature of these arrangements was assessed and since the municipality collects all revenues in full, the transactions are not considered to be those within the scope of GRAP 109. The types of arrangements considered for this purpose are:

- Traffic fines are issued on our behalf by a service provider.
- Various prepaid electricity vendors sell electricity on our behalf. The software used results in all transactions being recorded in our sub-system. We collect the cash receipts from the vendors daily. Prepaid vendors earn commission on the value of each transaction with a maximum limit in place.

For conditional grant receipts, kindly refer to Note 30.

Commission to Prepaid vendors and expenditure relating to services rendered by the traffic services vendor are disclosed in Note 38.

No other resources are held by these vendors on behalf of the municipality. As no resources are held, except the daily cash-ups, no significant risks have been transferred to these vendors.

Entity as agent

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Category(ies) of revenue received or to be received on behalf of the principal, are:

Categories

Transfer Fees received on behalf of the Beneficiaries from Housing Projects

Additional details

Fees received from the Provincial Department of Housing for registering the owner at the deeds office are considered to not be for the benefit of the municipality and is not directly accounted for as part of the construction contracts. To this extent, the municipality is regarded as the agent and expenses are accounted for on a net basis.

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58. Accounting by principals and agents (continued)		
Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)		
Reconciliation of the carrying amount of payables		
Transfer Fees received on behalf of the Beneficiaries from Housing Projects		
Receipts from Provincial Department	499 774	279 437
Payments made o.b.o. beneficiaries	(499 774)	(279 437)
	-	-

Details regarding transactions where the municipality is considered the principal, are disclosed in Notes 6, 18, 27 and 30.

Gains or losses on the acquisition of land is included under gains and losses in the Statement of Financial Performance as similar transactions are entered into with the public on an ongoing basis.

All infrastructure and land that arises from Housing Arrangements are included under Property, Plant and Equipment or Investment Property as appropriate. Land acquired by means of Housing Arrangements for which the future use is not yet determined, is accounted for as Investment Property when the municipality is unable to determine the future use of the Land. Once the use is determined or determinable in terms of Town Planning, the land will be transferred to Property, Plant and Equipment or disposed as per the requirements of the Guideline. History has shown that some Land portions could be purchased and retained indefinitely resulting in a different accounting treatment than that outlined by the Guideline with regards to Land being included under Investment Property. In terms of the Municipal Asset Management Policy, only once the use of vacant land has been determined in terms of a Council decision, may vacant land be accounted for as Property, Plant and Equipment.

59. Service Concession Arrangements

In terms of the Municipal Systems Act, Bulk Water service falls under the domain of the District Municipality which would mean that these assets would fall under West Coast District Municipality, however authority was given by way of a Government Gazette notice whereby the Local Municipalities of Bergvriër, Swartland and Saldanha Bay would be given Water Service Authority Status and be responsible for the provision of the Bulk Water Function. (Refer to the section on the legislative framework for further details with regards to legislative and regulatory environment)

This effectively meant that this function was taken over from the District Municipality. At this stage the assets should in effect have been transferred to the Local Municipalities.

In terms of the Section 78 Study dated August 2005 a decision was made to maintain the status quo, whereby West Coast District Municipality would continue to operate the water function on behalf of the three local municipalities (Swartland, Saldanha bay and Bergvriër), the agreement was for a period of 10 years and the function ultimately remains that of the Local Municipalities. Currently the agreement is cancellable by either of the parties, but it is unlikely that the agreement would be terminated in the foreseeable future. No changes to the arrangement were made during the current or previous financial periods, but minor administrative matters are constantly being addressed (e.g. procurement strategies). No breaches by either or the parties have been identified to date.

In return for operating the Bulk Water service function the District would receive compensation as follows:

- a) Monthly Tariff Fee
- b) Administrative fee equal to 10% of the operating costs

The Local Municipalities are thus in control of the Bulk Water assets, and as a result these assets should be recognised, measured and disclosed in our financial records.

Swartland Municipality

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59. Service Concession Arrangements (continued)

The effect of the service concession arrangement in the financial statements of the municipality can be summarised as follows:

Property, plant and equipment		
Infrastructure (Water)	98 155 596	101 286 034
Borrowings		
Long term loans	1 800 000	5 249 496
Expenditure relating to the Service Concession Arrangement		
Depreciation	3 195 004	3 195 478
Disposal of Property, plant and Equipment	-	10 197
Finance Charges	410 064	967 079
Total Water Purchased from District	21 337 080	14 501 005
Purchased at agreed rate	32 039 495	27 759 264
Adjusted for Distribution (Gains)/Losses	(10 702 415)	(13 258 259)

No revenue is receivable by the municipality in terms of the arrangement. The municipality's water purchases are generated through this arrangement.

The loans are registered in the name of West Coast District Municipality, but have been entered into solely to finance the purchase or upgrade of the service concession assets. For this purpose, the loans have been apportioned to each municipality within the district in relation to the approximate value of the infrastructure assets purchased by the operator (West Coast District Municipality).

Service Concession Assets

Included in the total for Property, Plant and Equipment are assets that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. The carrying values of these assets are disclosed below:

Infrastructure: Water	98 155 596	101 286 034
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Reconciliation of Carrying Amounts of Service Concession Assets

Opening Balance (Carrying Value)	101 286 034	104 301 704
Additions	64 566	190 005
Depreciation	(3 195 004)	(3 195 478)
Disposal of assets	-	(10 197)
Total Carrying Amounts of Service Concession Assets	98 155 596	101 286 034

Service Concession Borrowings

Included in the total for Borrowings are loans that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. The carrying values of these liabilities are disclosed below:

Loan Name	Redemption date		
Development Bank 6100 7028	31/12/2022	1 800 000	3 000 000
Development Bank 6100 1005	30/06/2020	-	-
Development Bank 6100 1006	30/06/2020	-	-
ABSA	01/02/2021	-	2 249 496
Total Carrying Amounts of Service Concession Borrowings		1 800 000	5 249 496

The loans bear variable interest rates between 8.61% (2020: 8.61% and 10.87%) per annum.

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60. Multi-employer retirement benefit information

The personnel of the Swartland Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Local Authority Retirement Fund, The Consolidated Retirement Fund for Local Government, The National Municipal and Related Services Employee Retirement Fund and The National Fund for Municipal Workers are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not nationally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The rate of contributions is provided below under each fund.

Each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality in respect of the defined contribution plans is to make the specified contributions.

LOCAL AUTHORITY RETIREMENT FUND

The Local Authority Retirement Fund operates as a defined contribution scheme.

The defined contribution scheme is a multi-employer plan and the contribution rate payable is 9,00% by the members and 18,00% by Council. The last valuations performed for the year ended 30 June 2019 (30 June 2016) had an overall funding level of 103,50% (2016: 106,10%) and is in a sound financial position. The next interim actuarial valuation will be as at 30 June 2020.

CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT

The contribution rate paid by the members (9,00% by employees, 7,50% by section 57 employees and 12,00% by councillors) and by Council (18,00% for employees, 19,50% for section 57 employees and 15,00 % for councillors) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2020 (30 June 2019) revealed that the fund had a funding level of 100,50% (100,30%). Certified to be of a sound financial position as at 30 June 2020.

NATIONAL MUNICIPAL AND RELATED SERVICES EMPLOYEE RETIREMENT FUND

The contribution rate payable is 7,50% by the members 18% by Council. Actuarial valuation on this fund is performed every three years, and the last valuation performed for the year ended 30 June 2017 (30 June 2014) certified that the fund is in a sound financial state. The funding level was 102,00% at valuating date (2014: 111,70%).

NATIONAL FUND FOR MUNICIPAL WORKERS

The above mentioned fund is a Defined Contribution Fund and the contribution rate paid by the members is 9,00% and 7,50% by section 57 employees and that of council 18,00% and 19,50% respectively. The latest statutory valuation was done on 30 June 2019 (30 June 2018). As at 30 June 2019 the results state that the funding level was 100,40% (2018: 100,46%).

Employers do not have any liability for any fund's performances or deficits. None of the above mentioned plans are state plans.

Swartland Municipality

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61. Correction of Errors

Presented below are those items contained in the statement of financial performance that have been affected by prior-year adjustments:

No restatements were made to the Statement of Financial Position.

The prior year Cashflow Statement was restated for the movement on the accrual of Property, Plant and Equipment as disclosed in Note 46.

Statement of financial performance

2020

	Note	As previously reported	Correction of error	Restated
Service charges		454 718 635	(17 591 721)	437 126 914
Property rates		125 025 191	(864 669)	124 160 522
Impairment losses on assets and receivables		(21 741 664)	18 456 390	(3 285 274)
Other items included in profit or loss not adjusted		(429 490 963)	-	(429 490 963)
Surplus for the year		128 511 199	-	128 511 199

(a) Correction of error - Receivables

During the 2018/19 audit cycle an audit finding resulted therein that certain indigent debtors (debtors that qualified for assistance from the state in terms of the municipal policies) were deemed to be disqualified based on contradictory audit evidence obtained. The municipality audited the population of indigents and determined that the contradictory evidence did not have any material impact on the validity of the indigents itself.

The municipality originally agreed to reverse the subsidy resulting in an increase in debtors. This reversal was unlikely to be recoverable and therefore an impairment to the same amount was processed. Once sufficient audit evidence has been obtained that the population of indigents were not invalid, the comparative year and opening balances of debtors were corrected. The municipal audit is still underway, but based on the testing thus far it appears unlikely that the indigent debtors were materially misstated based on the debtors population tested to date (approximately 80% of the audit finding of 3000 debtors were re-audited by the municipality).

The adjustment has no effect on the Statement of Financial performance, but does affect the gross and impairment balance of Receivables from exchange and non-exchange. On the Statement of Financial Performance the same applied as the impairment loss of the prior year was reversed to the revenue.

Receivables from Exchange transactions

Restatement of Gross balance - Opening balance	(16 660 623)
Restatement of Gross balance - comparative period	(17 591 721)
Restatement of Impairment - Opening balance	16 660 623
Restatement of Impairment - Contribution for the year	17 591 721
	-

Receivables from Non-exchange transactions

Restatement of Gross balance - Opening balance	(834 313)
Restatement of Gross balance - comparative period	(864 669)
Restatement of Impairment - Opening balance	834 313
Restatement of Impairment - Contribution for the year	864 669
	-

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61. Correction of Errors (continued)

New accounting policies / changes to existing policies

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards (also refer the transitional provisions applied as per Note 64):

- GRAP 18 Segment Reporting
- GRAP 110 Living and Non-living Resources
- IGRAP 20 Accounting for Adjustments to Revenue
- Guideline: Accounting for Landfill Sites
- Guideline: The Application of Materiality to Financial Statements
- Amendments to IGRAP 1 following the proposed new AARTO Act

GRAP 18: Segment Reporting

Aligned to the new standards effective for the periods starting on or after 1 April 2020, the municipality adopted GRAP 18: Segment Reporting for the first time during the current year. The standard does not result in changes in recognition and measurement, but has resulted in an additional disclosure note (Policy 1.35 and Note 57).

GRAP 110: Living and Non-living Resources

The newly effective standard GRAP 110: Living and non-living resources were adopted during the current year. New policies were implement for these resources (refer policy 1.16).

No living resources were identified and the non-living resources are disclosed in note 15.

IGRAP 20: Adjustments to revenue

This interpretation clarifies that when an adjustment to revenue may be done prospectively as a change in estimate or under which circumstances an adjustment to revenue needs to be retrospectively adjusted. No new principles are discussed and therefore the municipal policies was need not amended for the implementation of this interpretation.

Guideline: Accounting for Landfill Sites

This guideline is not yet effective. The municipality does not early adopt the guideline. The key accounting considerations are the use of multiple discount rates and the inclusion of post-closure monitoring costs per the minimum requirements for landfill sites. The municipal considerations as to the correct accounting treatment was updated to take into account the impact of the guideline as well as to address how the municipality assessed the application of the minimum requirements that are part of the Nemwa. To this extent, only the significant judgements pertaining to the provision for landfill sites were updated to clarify the municipal interpretation of the facts existing at the municipal landfill sites (refer policies 1.7 and 1.20).

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61. Correction of Errors (continued)

Guideline: The Application of Materiality to Financial Statements

The municipality adopted this guideline for the first time in 20/21. Refer to policy 1.6 for the impact that this guideline will have on the annual financial statements.

Amendments to IGRAP 1: Applying the Probability Test on Initial Recognition of Revenue

The IGRAP 1 amendments did not have any impact on Traffic Fines revenue issued in terms of the current Criminal Proceedings Act system, but will only have an effect on fines issued in terms of the Amended Act (AARTO) that is expected to become effective on 1 July 2021. As the legislation is new, the possible impact cannot at this stage be determined. The legislation itself will significantly increase Traffic Fines revenue based on higher fine amounts being pronounced in Schedule 3 of the Amendment Act.

Prior to the new AARTO becoming effective, alleged infringements could apply to the courts to have their fines reduced or withdrawn. Whilst the law permits such reductions and withdrawals, this requires additional actions and additional processes which are not evident at the time that the initial fine was issued. Therefore, historic reductions and withdrawals are not considered to apply at initial recognition as it requires a subsequent event to trigger any reductions whereas the discount under the new AARTO is presumed to be applicable unless the accused fails to take up the reduction. The recognition principles are therefore different for the upfront discount (New AARTO) compared to a subsequent action (Old AARTO - current system) which results in a subsequent reduction.

The amendments to IGRAP 1 therefore has no effect on the accounting policies or recognition and measurement for the year ended 30 June 2021.

62. Change in estimate

Property, plant and equipment

The Municipality has reassessed the useful lives of Property, plant and equipment, Intangible assets and residual values of Property, plant and equipment which resulted in changes in depreciation and amortisation charges, the carrying value of property plant and equipment as well as accumulated depreciation. The effect of the change in accounting estimate has resulted in the following movements for the current and future periods on the affected capital assets.

Movement in depreciation	2021	2022	2023	2024
Before change in estimate	555 968	340 432	60	-
After change in estimate	(191 493)	(191 493)	(185 352)	(122 232)
Net effect: decrease/(Increase) in depreciation charge for the period	364 475	148 939	(185 292)	(122 232)

Property, plant and equipment - Review of Landfill Site Rehabilitation Dates

During the year the municipal application to extend the rehabilitation dates of three sites were approved. The sites affected are Koringberg and Yzerfontein where the dates were revised to 2024/25 (2020: 2023/24) as well as Riebeek Kasteel 2025/2026 (2020: 2023/24). The changes in the liability was added the cost of the related asset in the current period. The revised dates resulted in the remaining useful lives of the asset being extended. The extended remaining useful lives resulted in a decrease of depreciation for each of the future periods as follows:

Movement in depreciation	2021	2022	2023	2024
Before change in estimate	4 420 970	4 420 970	4 420 970	4 420 970
After change in estimate	(1 188 999)	(1 188 999)	(1 188 999)	(1 188 999)
Net effect: decrease/(Increase) in depreciation charge for the period	3 231 971	3 231 971	3 231 971	3 231 971

63. Comparative figures

Certain comparative figures have been reclassified as indicated in Notes 61. These reclassifications were made to simplify the presentation and disclosure.

Swartland Municipality

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64. Transitional provisions

Transitional provision for Statutory Receivables

Every effort is made to ensure compliance with this standard, but due to the risk of omission of items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and impairment methods for Statutory Receivables.

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

Transitional provision for Segment reporting

The municipality adopted GRAP 18: Segment reporting for the first time in the current year. In terms of the transitional provision available as per Directive 4, comparative information was not disclosed.

65. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	2 381 110	-
Current year subscription / fee	2 461 756	2 403 347
Amount paid - current year	(4 842 866)	(22 237)
Balance unpaid (included in creditors)	-	2 381 110

Audit fees

Opening balance	-	530 706
Current year subscription / fee	3 218 837	2 976 044
Amount paid - current year	(3 218 837)	(2 976 044)
Amount paid - previous years	-	(530 706)
	-	-

VAT

VAT receivable	12 015 715	2 496 242
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VAT output payables and VAT input receivables are shown in note 10.

All VAT returns have been submitted by the due date throughout the year.

PAYE and UIF

Current year subscription / fee	38 821 917	35 401 062
Amount paid - current year	(38 821 917)	(35 401 062)
Balance unpaid (included in creditors)	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	62 428 030	57 712 364
Amount paid - current year	(62 428 030)	(57 712 364)
Balance unpaid (included in creditors)	-	-

Councillors' arrear consumer accounts

During the financial year under review no Councillor was in arrears with the settlement of their municipal accounts.

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65. Additional disclosure in terms of Municipal Finance Management Act (continued)

Deviations in terms of section 36 of the Municipal Supply Chain Regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents were reported to council.

Incident

Deviations above R30 000 due to Emergencies (occurrences: 18 (2020: 22))	1 749 842	2 079 903
Deviations above R30 000 due to Sole Supplier deviations (occurrences: 4 (2020: 6))	321 691	394 116
Deviations above R30 000 emanating from responses to COVID 19 (occurrences: 0 (2020: 13))	-	1 258 256
Deviations based on section 2(6) of Supply Chain Policy - Impractical to obtain quotes - Attorneys (occurrences: 38 (2020: 46))	1 042 502	2 085 888
Deviations based on section 2(6) of Supply Chain Policy - Impractical to obtain quotes - special goods/services (occurrences: 5 (2020: 3))	202 207	588 744
Deviations based on section 2(6) of Supply Chain Policy - Impractical to obtain quotes - repairs and services to specialised equipment or vehicles (occurrences: 412 (2020: 379))	3 648 840	3 252 197
Deviations below R30 000 (occurrences: 443 (2020: 425))	3 462 770	3 660 424
Deviations below R30 000 emanating from responses to COVID 19 Related (occurrences: 25 (2020: 13))	120 511	144 886
	10 548 363	13 464 414

Material losses: Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

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

Electricity losses

Units purchased	206 676 590	201 260 150
Units sold	(195 586 244)	(189 163 586)
Units lost during distribution	11 090 346	12 096 564
	5.37%	6.01%

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

Water distribution losses

Kilolitres purchased	4 977 076	4 317 323
Kilolitres sold	(3 926 398)	(3 537 873)
Kilolitres lost during distribution	1 050 678	779 450
Percentage lost during distribution	21.11%	18.05%

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

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65. Additional disclosure in terms of Municipal Finance Management Act (continued)

Disclosure of awards of more than R2 000 to a person who is a family member of a person in the service of the state in terms of section 45 of the Municipal Supply Chain Regulations:

Service Provider	Relation to Service Provider	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Value of Transaction 2021 R	Value of Transaction 2020 R
Neil Lyners and Associates (RF) (Neil Lyners)	Brother	H Lyner	WCGTPW	Chief Engineer	3 183 303	1 362 645
WJ Cotter Electrical (J Cotter)	Father in law	T van Essen	Swartland Municipality	Mayor	345 593	311 237
WJ Cotter Electrical (R Crawford)	Father in law	T van Essen	Swartland Municipality	Mayor		
Lumico (Pty) Ltd (D Malherbe)	Father in law	L Fourie	Swartland Municipality	Strategic management	129 950	98 900
Euraf Agencies CC (P Fourie)	Spouse	R Fourie	Department of Correctional Services	Financial Manager	349 283	224 945
Golden Rewards 1873 cc t/a Futasia Caterers (Suenelle De Jager)	Spouse	R De Jager	Department of Education	Teacher	59 035	34 300
Jonathan Wayne Lawrence t/a J Lawrence (J Lawrence)	Son	Bjorn	Swartland Municipality	General Worker	70 900	40 200
JPCE (J Minnie)	Spouse	J Minnie	City of Cape Town	Head : Disaster Operations Centre	763 564	1 734 891
Aurecon South Africa (B Esterhuizen)	Parent	HG Esterhuizen	West Coast District Municipality	Senior Manager - Roads	4 125 112	10 116 701
Aurecon South Africa (M Botha)	Parent	T Botha	Oudtshoorn Municipality	Technical Manager	-	-
Aurecon South Africa (CJ Barry)	Parent	CJ Barry	City of Cape Town	Transport Department - Head of Finance	-	-
Aurecon South Africa (LR Bleazard)	Sibling	KA Bleazard	Department: Western Cape Government Transport & Public Works	Chief Architect	-	-
Aurecon South Africa (D Maduray)	Spouse	R Reddy-Maduray	Development Bank Southern Africa	Project Preparation Specialist	-	-
Aurecon South Africa (M Mayekiso)	Uncle	D Mayekiso	Department of Local Government and Traditional Affairs	Assistant Director	-	-
Aurecon South Africa (N Ntsebeza)	Spouse	D Ntsebeza	Buffalo City Metropolitan Municipality	Sanitation Engineering Manager	-	-

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65. Additional disclosure in terms of Municipal Finance Management Act (continued)

Aurecon South Africa (N Ntsebeza)	Sibling	M Ntsebeza	Gauteng Department of Health: Springs Hospital	Doctor	-	-
Aurecon South Africa (N Ntsebeza)	Cousin	N Ntsebeza	Intsika Yethu Municipality	Admin Clerk	-	-
Aurecon South Africa (CA Jacobs)	Spouse	J Jacobs	Department of Education - Eastern Cape	Personal -Assistant to Chief Director	-	-
Aurecon South Africa (SM Grobbelaar)	Parent	SM Grobbelaar	Northern Cape Department of Cooperative Governance	Town and Regional Planner	-	-
Aurecon South Africa (H Pansegrouw)	Spouse	PW Pansegrouw	Drakenstein Municipality	Senior Manager: Technical Services and Project Management	-	-
Aurecon South Africa (BJ Kriegler)	Parent	BJ Kriegler	Cape Winelands District Municipality & Breede Valley Municipality	Councillor	-	-
Aurecon South Africa (M Vermeulen)	Parent	PC Vermeulen	City of Cape Town	Superintendent: Building Maintenance	-	-
Aurecon South Africa (JE Venter)	Spouse	ZC Venter	Department of Health - Eastern Cape	Deputy Director - Employment Relations	-	-
Aurecon South Africa (FJ Heyns)	Parent	A Heyns	Stellenbosch Municipality	Assistant Superintendent - Workshop Engineering	-	-
Aurecon South Africa (JG Robertson)	Parent	JM Robertson	Ekurhuleni Metropolitan Municipality	Roads Engineer	-	-
Aurecon South Africa (KP Nadasen)	Wife	K Nadasen	National Department of Public Works	Director: Key Account Management	-	-
Aurecon South Africa (LP O'Connell)	Spouse	SM O'Connell	Sol Plaatje Municipality	Librarian	-	-
Aurecon South Africa (N Govender)	Child	T Govender	Umgeni Water	Fleet Maintenance Administrator - Asset Management	-	-
Aurecon South Africa (DL Erasmus)	Spouse	WZ Erasmus	Cape Nature	Program Manager	-	-
Aurecon South Africa (RJ Ahlschlager)	Spouse	HC Ahlschlager	Special Investigating Unit	Legal Representative	-	-

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65. Additional disclosure in terms of Municipal Finance Management Act (continued)

Aurecon South Africa (ME Higgs)	Spouse	JH Higgs	SARS	Regional Manager	-	-
Aurecon South Africa (VA Hougaard)	Spouse	A Hougaard	Department of Correctional Services	Principal Network Controller	-	-
Aurecon South Africa (DJ Moore)	Parent	AJ Moore	Department of Water Affairs	Chief Engineer	-	-
Aurecon South Africa (S Pretorius)	Parent	PS Pretorius	Sol Plaatje Municipality	Chief Officer - Community Services	-	-
Aurecon South Africa (E Riekert)	Spouse	JH Riekert	SA Reserve Bank	Manager: Operations	-	-
Aurecon South Africa (I Gasant)	Sister	S Seegers	City of Cape Town	Head of Security Architecture	-	-
Aurecon South Africa (TJ Duvenhage)	Spouse	Dr M Skead	Nelson Mandela Bay Metropolitan University	Senior Manager	-	-
Aurecon South Africa (L Tebane)	Parent	R Tebane	Ekurhuleni Metropolitan Municipality	Executive Manager	-	-
Aurecon South Africa (E Tredoux)	Spouse	J Tredoux	Department of Water Affairs	Deputy Director - Accounts Payable	-	-
Aurecon South Africa (JL Du Plessis)	Father-in-law	M Van Rensburg	Eskom	Executive at Transmission Department	-	-
Aurecon South Africa (WJP Wilkins)	Parent	J Wilkins	Correctional Services	Vice Director - Provincial	-	-
Aurecon South Africa (N Mjoli-Mncube)	Child	T Mncube	Airports Company South Africa	Specialist Category Manager	-	-
Iomu Trading (E Appollis)	Spouse	AC Appollis	Department of Correctional Services	Correctional Officer	-	62 972
Circuit Breaker Industries t/a CBI Electric: Low Voltage (J Paul)	Wife	S Paul	Eskom	Transmission	-	64 331
Fonnies Enterprises (BA Adonis)	Sister	T Adonis	Statistics SA	Data Capturer	150 780	113 186
Fonnies Enterprises (Brent Angelo Adonis)	Brother	A Adonis	Metro EMS	Rescue Technician	-	-
Roja Contractors and Traders (J Liedeman)	Son	Julrich	Swartland Municipality	General Worker	1 900	82 057
Ritter Gas Services & Supplies (M Ritter)	Stepmother	L Ritter	City Of Cape Town	Buyer	-	7 107
Yolanda Petersen - Petersen Tuindienste (Y Petersen)	Spouse	R Petersen	Department of Correctional Services	Correctional Officer	50 650	71 800
Thembele Petrus Dapula t/a T P Dapula (TP Dapula)	Spouse	N Dapula	West Coast TVET College	Deputy Principal	15 000	13 415
Hydrometrix Technologies (I De Beer)	Child	L Taylor	Department of Education	Therapist	-	18 730
WAB Printmedia (W Brink)	Spouse	A Brink	Drakenstein Municipality	Clerk	48 240	43 835

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65. Additional disclosure in terms of Municipal Finance Management Act (continued)

Blackbird 49 - Koos Smit (K Smit)	Spouse	M Smit	Swartland Municipality	Clerk	135 555	82 750
Webber Wentzel (J Watson)	Brother	E Watson	Road Accident Fund	CEO	234 071	169 119
Webber Wentzel (J Watson)	Mother	E Watson	Department of Public Service	Official	-	-
Webber Wentzel (J Smit)	Father	JCL Smit	Beaufort West Municipality	Director: Engineering Services	-	-
Webber Wentzel (G Truter)	Father	LC Truter	Newton Primary School	School Principal	-	-
Webber Wentzel (G Truter)	Mother	AM Truter	West Coast Education District	Chief Education Specialist	-	-
Webber Wentzel (T Thekiso)	Sister	N Ndebele	Melodi Primary School	Principal	-	-
Webber Wentzel (M Mahlangu)	Mother	BT Mahlangu	Hlolisa Combined School	School Principal	-	-
Webber Wentzel (B Abraham)	Mother	J Abraham	Department of Education	Secretary	-	-
Webber Wentzel (P Singh)	Father	D Singh	Department of Basic Education-KZN	Government Official	-	-
Webber Wentzel (P Singh)	Mother	P Singh	Department of Basic Education-KZN	Government Official	-	-
Amandla GCF Construction (W Frazenburg)	Sister	U Frazenburg	National Government: Deeds Office Kimberley	Registrar of Deeds	19 721 579	-
Amandla GCF Construction	Brother	E Frazenburg	Department of Education Western Cape	Teacher	-	-
Amandla GCF Construction	Sister	J Frazenburg	Department of Education Western Cape	Teacher	-	-
Amandla GCF Construction	Brother	B Frazenburg	City of Cape Town: Traffic	Municipal Prosecutor	-	-
Turner and Townsend (G Bulmer)	Wife	T Bulmer	Department of Health: Gauteng	Chief Physiotherapist	52 941	218 675
Turner and Townsend (E Harmse)	Step mother	N Harmse	Tswane University of Technology	Head of Department	-	-
Turner and Townsend (R Singh)	Sister	B Singh	Department of Health Kwazulu Natal	Sister	-	-
Turner and Townsend (C Barnard)	Wife	E Barnard	Telkom	Risk Manager	-	-
Turner and Townsend (V Naidoo)	Wife	P Naidoo	Helen Joseph Hospital	Doctor	-	-

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65. Additional disclosure in terms of Municipal Finance Management Act (continued)

Turner and Townsend (Y Naicker)	Mother	S Naicker	Department of Education: Kwazulu Natal	Head of Department	-	-
Turner and Townsend (K Pauw)	Brother	B Pauw	Department of Health: Western Cape	Community Service Medical Officer	-	-
Turner and Townsend (J van der Merwe)	Sister	M Wepener	Agricultural Research Council	Senior Research Veterinarian	-	-
Turner and Townsend (P Shezi)	Sister	I Shezi	SADF	Warrant Officer	-	-
Turner and Townsend (J Maphala)	Aunt	S Raphadu	SAPS	Forensic Analyst	-	-
Turner and Townsend (J Louw)	Wife	M Louw	Department of Education: Gauteng	Department Head	-	-
Turner and Townsend (N McMahon)	Sister	E Louw	Eskom	Contract Management Consultant	-	-
Altimax (Pty) Ltd (M De Kock)	Spouse	H De Kock	SITA	Pilot	-	97 060
Altimax (Pty) Ltd (C Henning)	Spouse	AF Henning	Mango Airline	Nurse	-	-
Cyote Fire Services (M Muller)	Spouse	B Muller	Department of Health: Northern Cape	Dietician	49 517	17 765
Mubesko Africa (Pty) Ltd (Hendrik Niehaus)	Spouse	J Niehaus	Department of Education: Western Cape	Curriculum Advisor	556 554	97 474
Mubesko Africa (Pty) Ltd (B Saaiman)	Spouse	L Saaiman	Department of Education: Western Cape	Teacher	-	-
Redhill Electronics (E Hartley)	Spouse	L Hartley	Department of Education	Supervisor	-	176 541
Swartland and West Coast Trading (Pty) Ltd (L Marcus)	Spouse	H Marcus	Department of Labour	Director	163 265	24 750
CONLOG (L Moodley)	Spouse	N Moodley	Department of Health	Correctional Services Official	332 981	173 928
F Bocks Construction (F Bocks)	Spouse	S Bocks	Department of Health	Intern	-	29 978
IQ Vision (J Meyer)	Daughter	MD Meyer	SAPS	Clerk	511 894	-
Johan Bester Ingenieurswerke (A Jordaan)	Father in Law	H Rauch	Swartland Municipality	Clerk	697 997	420 025
Jamkay Logistics (Pty) Ltd (H Lategan)	Niece	K Andrews	Swartland Municipality	Director	145 111	-
Terblanche Slabber Pieters (SSD Terblanche)	Spouse	M Terblanche	Swartland Municipality	Cashier	-	36 708
Zwaan Construction (S Zwaan)	Spouse	A Zwaan	Swartland Municipality	Councillor	-	15 120
Swartland Auto Care (V Mcquire)	Parent	V Mcquire	Swartland Municipality	Director	748	6 458
Stephan Terblanche Attorney	Spouse	M Terblanche	Swartland Municipality		9 625	-

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65. Additional disclosure in terms of Municipal Finance Management Act (continued)

MR Lemmer T/A MR Q.S.	Spouse	HS Lemmer	Department of Transport & Public Works		20 514	-
Bubbles Household Chemicals (C Pieters)	Spouse	JR Pieters	Swartland Municipality	Chief Engineering Technician	114 066	-
JSD Transport (Pty) Ltd (J Damon)	Spouse	JJ Damon	Swartland Municipality	Senior Supervisor Truck Driver	3 105	-
					32 042 833	15 967 603

COVID-19 Response expenditure

Background information

On 23rd March 2020 President Cyril Ramaphosa announced the nationwide lockdown. On 30th March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster. The additional measures gave rise to additional government receipts (no similar grants were receipts in the comparative period).

On 23 July 2020, President Cyril Ramaphosa stated that there have been allegations regarding fraudulent UIF claims, overpricing of goods and services, violation of emergency procurement regulations, collusion between officials and service providers, abuse of food parcel distribution and the creation of fake non-profit organisations to access relief funding. The disclosure below is therefore provided in order to present the COVID 19 expenditure as transparent as possible to the communities we serve.

The table below indicates the total Covid-19 response expenditure for the period ending 30 June 2021:

Summary per expense objective

General - not specifically acquired for a single objective	10 809 886	2 446 570
Community and social services	66 550	1 183 890
Public services	-	36 837
Health	4 435	739
	10 880 871	3 668 036

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65. Additional disclosure in terms of Municipal Finance Management Act (continued)

The above expenditure pertained to the following items

General

Disaster Relief Grant: Personal protective clothing and other items	-	119 000
Labour: Additional contract workers	195 120	-
General - Other	420 666	371 572
Overtime	2 795 864	1 787 467
Protective clothing, masks	109 498	151 930
Sanitising of buildings	85 571	16 601
Discounts on municipal accounts	7 203 167	635 056
Community and social services		
Chemical toilets for the homeless	-	13 927
Community and awareness campaigns	66 550	14 000
Feeding of the homeless and issuance of food parcels	-	1 155 963
Public services		
Public safety - other	-	36 837
Health		
Cost of screening and testing	4 435	739
	10 880 871	4 303 092

Note: General-other consist of purchasing of sanitizers, thermometers, office screens, etc.

The above expenditure was funded by a special Covid-19 grant income (R 10 880 871 (2020: R 3 328 129 + R850 000 + R119 000 R and a private donation of R5 963)).

66. Fruitless and wasteful expenditure

Opening balance as previously reported	5 000	6 496
Opening balance as restated	5 000	6 496
Add: Expenditure identified - current	10 767	20 000
Less: Amounts recoverable - current	(1 000)	-
Less: Amounts recoverable - prior period	-	(2 594)
Less: Amount written off - current	(9 767)	(15 000)
Less: Amount written off - prior period	(5 000)	(3 902)
Closing balance	-	5 000

The current year expenditure pertains to excess payments following damages to municipal vehicles. Three instances were noted. All cases were investigated by the disciplinary committee and appropriate steps taken. For the current year, R 1 000 was received while the rest was written off by Council as bad debt.

67. Irregular expenditure

Opening balance as previously reported	32 860 580	9 051 726
Opening balance as restated	32 860 580	9 051 726
Add: Irregular Expenditure - current	10 480 301	17 131 429
Add: Irregular Expenditure - prior period	4 926 704	15 729 151
Less: Written off by Council - prior period	(47 933 487)	(9 051 726)
Closing balance	334 098	32 860 580

Included under the prior year irregular expenditure incurred are two transactions relating to emergency procurement where the suppliers failed to update their tax compliance status prior to the goods being delivered. The total amount for these transactions were R534 525. The municipality had to continue to procure these goods as the goods were needed to ensure timeous response to the needs of the community following the COVID 19 lockdown regulations. The expenditure pertained to the provision of food to poor households and additional access to water.

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67. Irregular expenditure (continued)

The remainder of the value disclosed as 2019/20 irregular expenditure incurred for both the current (R 16 596 904) and prior period (R15 729 151) is the consequence of sub-delegation of approval of all expenditure ranging from R2 000 to R30 000. This sub-delegation was not approved by council resulting in the expenditure being considered irregular. Controls were in place to review the expenditure, at the appropriate level of delegation, subsequent to it being approved. The sub-delegation was done in order to ensure timeous delivery of goods and services to the public.

The expenditure for 2020/2021 (excluding the remaining balance) is for the same matter, the consequence of a discrepancy with SCM sub-delegations of approval of quotations, which an investigation resolved that those transactions below R2 000 should also be included as irregular which council ultimately resolved on. The prior year's delegations could not be corrected due to the fact that the investigation was only concluded towards the end of 2020.

The remaining balance of irregular expenditure pertains to transactions identified during the current year audit whilst the aforementioned was proactively recognised by management to prevent any repeat findings in this regard. The remaining balance of expenditure is expected to be reported to council at the council meeting of January 2022 where appropriate steps would be recommended.

Insufficient grounds existed to suggest any fraud as irregular and it was therefore recommended to Council that it does not warrant a full investigation to determine if any official of the municipality committed an act of financial misconduct. The expenditure in question was accordingly written off by Council.

68. Unauthorised expenditure

Opening balance as previously reported	1 107 201	9 666 715
Opening balance as restated	1 107 201	9 666 715
Add: Expenditure identified - current	13 258 009	1 107 201
Less: Authorised by council	(1 107 201)	(9 666 715)
Closing balance	13 258 009	1 107 201

The department of Financial services budget was overspend by an amount of R 9 950 664 (2020: R1 107 201). This is mainly as a result of the deemed capital expenditure due to the vesting of properties. The revenue has increased accordingly. This is a non-cash transaction.

The department of Protection Services overspent by an amount of R 3 307 345 (2020: R Nil). The overspent amount is mainly as a result of the impairment of traffic fines (non-cash transaction). The value of fines issued and subsequent impairment increased significantly higher than our expectations during the adjustments budget stage. This is a non-cash accounting transaction and is based on the increase in the traffic fines revenue.

69. Events after the reporting date

No events having financial implications requiring disclosure occurred subsequent to 30 June 2021.

70. Going concern

We draw attention to the fact that at 30 June 2021, the municipality had an accumulated surplus of R 2 325 339 145 and that the municipality's total assets exceed its liabilities by R 2 535 568 895.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

In assessing whether the going concern assumption is appropriate under the current economic climate resulting from the COVID-19 pandemic, management considered a wide range of factors including the current and expected performance of the municipality, the likelihood of continued government funding and, if necessary, potential sources of replacement funding.

71. BBBEE Performance

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

Swartland Municipality

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Appendix A: Schedule of External Loans

	Loan Number	Redeemable	Balance at 30/06/2020	Received/ Transferred during the period	Interest capitalised during the period	Redeemed written off during the period	Balance 30/06/2021
EXTERNAL LOANS							
LONG- TERM LOANS							
Development Bank		2028/12/29	28 614 495	-	-	2 310 348	26 304 147
Development Bank		2023/12/29	876 790	-	-	221 668	655 122
Development Bank		2031/12/31	55 804 441	-	-	2 653 878	53 150 563
Sanlam		2031/06/30	27 421 050	-	-	1 382 545	26 038 505
West Coast District Municipality							
West Coast District Municipality: Development Bank 6100 7028		2022/12/31	3 000 000	-	-	1 200 000	1 800 000
West Coast District Municipality: Development Bank 6100 1005		2020/06/30	-	-	-	-	-
West Coast District Municipality: Development Bank 6100 1006		3020/06/30	-	-	-	-	-
West Coast District Municipality: ABSA		2021/02/01	2 249 496	96 804	-	2 152 692	-
Total Long- Term Loans			117 966 272	96 804	-	9 921 131	107 948 337
TOTAL EXTERNAL LOANS			117 966 272	96 804	-	9 921 131	107 948 337

Swartland Municipality

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Appendix B: Analysis of Property, Plant and Equipment

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	
Land													
Undeveloped Land	74 900 754	(64 067)	9 014 254	-	594 333	83 256 608	1 399 080	-	-		-	1 399 080	81 857 528
	74 900 754	(64 067)	9 014 254	-	594 333	83 256 608	1 399 080	-	-	-	-	1 399 080	81 857 528
Infrastructure													
Roads	940 632 719	(1)	61 053 773	-	13 645 846	988 040 645	536 559 129	-	23 515 247	475 000	11 168 282	549 381 094	438 659 551
Sanitation	718 582 548	-	20 707 637	64 106 870	2 462 920	800 934 135	337 906 218	-	15 722 989	1 602 850	1 571 773	353 660 284	447 273 851
Stormwater	225 581 402	-	2 286 136	-	-	227 867 538	99 981 180	-	4 539 404		-	104 520 584	123 346 954
				-	-								
Electricity													
Capital Spares	6 862 613	-	0	-	-	6 862 613	1 085 957	-	211 691		-	1 297 648	5 564 965
HV Transmission Conductors	1 536 706	(1)	(0)	-	-	1 536 705	361 485	-	36 096		-	397 581	1 139 124
LV Networks	102 620 710	-	9 127 220	-	165 279	111 582 651	46 368 998	-	2 566 690	4 808	83 477	48 857 019	62 725 632
MV Networks	362 623 473	-	1 322 852	8 215 949	4 157 984	368 004 290	183 052 092	-	7 126 301	122 228	3 581 069	186 719 552	181 284 738
MV Substations	94 874 085	-	(0)	-	6 758 166	88 115 919	35 799 511	-	1 930 686	197 239	5 058 687	32 868 749	55 247 170
MV Switching Station	42 239 868	-	(0)	-	85 353	42 154 515	20 149 190	-	1 156 332	131 112	83 462	21 353 172	20 801 343
Power plants	48 976	-	(0)	-	-	48 976	20 190	-	2 631		-	22 821	26 155
		-		-	-								
Water													
Reservoirs	145 173 667	-	0	-	1 164 813	144 008 854	67 844 101	-	2 688 524		965 537	69 567 088	74 441 766
Boreholes	355 643	-	7 749 840	-	-	8 105 483	181 600	-	14 269		-	195 869	7 909 614
Bulk Mains	23 379 019	(1)	6 580	-	80 320	23 305 278	4 098 907	-	1 223 657		57 941	5 264 623	18 040 655
Dams and weirs	30 855 234	-	(0)	-	-	30 855 234	28 919 403	-	265 815		-	29 185 218	1 670 016
Distribution	639 037 855	(2)	20 744 843	1 731 376	458 681	661 055 391	350 924 985	-	9 608 808	155 889	93 269	360 596 413	300 458 978
Pump stations	19 777 027	(2 417 682)	3 173 343	-	517 444	20 015 244	10 498 792	-	489 345		368 035	10 620 102	9 395 142
Water Treatment Works	3 039 323	2 417 682	(2 417 682)	-	-	3 039 323	3 294 667	-	190 349		-	3 485 016	(445 693)
		-		-	-								
		-		-	-								
Solid Waste	15 154 465	2	(0)	228 389	176 708	15 206 148	6 532 858	-	617 932		129 403	7 021 387	8 184 761
Landfill Sites	32 016 623	-	1 748 919	-	-	33 765 542	17 222 937	-	1 189 437		-	18 412 374	15 353 168
	3 404 391 956	(3)	125 503 461	74 282 584	29 673 514	3 574 504 484	1 750 802 200	-	73 096 203	2 689 126	23 160 935	1 803 426 594	1 771 077 890

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Appendix B: Analysis of Property, Plant and Equipment

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	
Community Assets													
Community Assets	250 644 959	(37 035 922)	4 686 485	3 851 330	498 216	221 648 636	121 580 007	-	4 487 115	585 259	404 637	126 247 744	95 400 892
Libraries	44 445 293	-	(0)	-	-	44 445 293	34 267 615	-	486 707		-	34 754 322	9 690 971
	295 090 252	(37 035 922)	4 686 485	3 851 330	498 216	266 093 929	155 847 622	-	4 973 822	585 259	404 637	161 002 066	105 091 863
Movable Assets													
Machinery and Equipment	27 361 256	(19 323)	4 933 839	-	348 076	31 927 696	15 271 468	-	2 046 065	(12 658)	291 581	17 013 294	14 914 402
Furniture and Office Equipment	8 779 712	1	689 558	-	281 900	9 187 371	6 803 925	-	554 034	(3 779)	264 261	7 089 919	2 097 452
Transport Assets	58 712 639	1	4 842 707	-	569 909	62 985 438	21 512 785	-	3 356 776		344 205	24 525 356	38 460 082
Computer Equipment	13 264 614	34 937	1 518 585	-	1 240 484	13 577 652	9 059 697	-	1 202 843	(65 492)	1 136 658	9 060 390	4 517 262
	108 118 221	15 616	11 984 689	-	2 440 369	117 678 157	52 647 875	-	7 159 718	(81 929)	2 036 705	57 688 959	59 989 198
Other Assets													
Municipal Buildings	151 024 825	(15 615)	2 484 631	19 668 192	73 690	173 088 343	121 572 410	-	1 713 452	13 192	60 102	123 238 952	49 849 391
	151 024 825	(15 615)	2 484 631	19 668 192	73 690	173 088 343	121 572 410	-	1 713 452	13 192	60 102	123 238 952	49 849 391
Total: Property, Plant and Equipment	4 033 526 008	(37 099 991)	153 673 520	97 802 106	33 280 122	4 214 621 521	2 082 269 187	-	86 943 195	3 205 648	25 662 379	2 146 755 651	2 067 865 870

Swartland Municipality

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Appendix B: Analysis of Investment Property, Intangible Assets and Heritage Assets

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	
Investment Properties													
Dwellings	4 172 769	(1)	(0)	-	-	4 172 768	3 279 049	-	59 184	-	-	3 338 233	834 535
Undeveloped Land	34 313 671	64 069	4 898 707	-	2 688 511	36 587 936	37 000	-	-	2 925 778	-	2 962 778	33 625 158
Intangible Assets													
Computer Software	4 448 043	2	1 620	-	39 335	4 410 330	3 719 361	-	217 690	-	36 250	3 900 801	509 529
Servitudes and Land Rights	188 118	-	-	-	-	188 118	-	-	-	-	-	-	188 118
Heritage Assets													
Historical Buildings	586 266	-	-	-	-	586 266	-	-	-	-	-	-	586 266
Monuments	181 000	-	-	-	-	181 000	-	-	-	-	-	-	181 000
Work of Art	352 634	-	-	-	-	352 634	-	-	-	-	-	-	352 634
Total	44 242 501	64 070	4 900 327	-	2 727 846	46 479 052	7 035 410	-	276 874	2 925 778	36 250	10 201 812	36 277 240
Grand Total	4 077 768 509	(37 035 921)	158 573 847	97 802 106	36 007 968	4 261 100 573	2 089 304 597	-	87 220 069	6 131 426	25 698 629	2 156 957 463	2 104 143 110

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Annual Financial Statements for the year ended 30 June 2021

Appendix C: Segmental Analysis of Assets

	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Impairment	Disposals	Closing Balance	
Occupational Health and Safety	87 247	-	(1)		959	86 287	52 814		5 449	(117)	834	57 312	28 975
Administration Civil	1 080 922	-	12 565		7 964	1 085 523	471 374		55 965		7 243	520 096	565 427
Administration Development Services	1 249 320	250 000	(247 431)		113 486	1 138 403	675 912		38 938		107 401	607 449	530 954
Administration Corporate Services	8 024 052	(1 318 108)	437 214	18 316 766	146 638	25 313 286	2 718 866		54 846	(1 304)	139 254	2 633 154	22 680 132
Administration Financial Services	7 643 671	(763)	369 979		934 750	7 078 137	6 109 558		367 023	(66 041)	825 468	5 585 072	1 493 065
Administration Municipal Manager	69 746	-	3 202	500 000	-	572 948	52 186		6 466		-	58 652	514 296
Administration Protection Services	25 851	-	-		-	25 851	11 885		3 514		-	15 399	10 452
Building Control	80 154	-	-		-	80 154	63 478		6 948		-	70 426	9 728
Caravan Park - Yzerfontein	2 061 866	-	24 789		-	2 086 655	239 049		76 941		-	315 990	1 770 665
Cemeteries	7 261 688	-	-		411 020	6 850 668	4 976 229		226 635	69 386	306 887	4 965 363	1 885 305
Community Development	1 395 715	1 189 298	(2 247 414)		1 450	336 149	29 227		2 384	(45)	1 362	30 204	305 945
Council	506 955	1	-		-	506 956	281 500		31 599		-	313 099	193 857
Planning and Valuation	96 170	3 122 213	(3 118 297)		1 865	98 221	69 998		7 322		1 758	75 562	22 659
Electricity Distribution	623 632 695	(56 218)	11 366 460	8 215 949	11 183 271	631 975 615	293 248 073		13 995 468	360 364	8 822 499	298 781 406	333 194 209
Fire Fighting	5 620 890	1	1 315 326		18 295	6 917 922	1 016 177		241 793	(11 413)	6 865	1 239 692	5 678 230
Housing	69 639 009	(950 286)	(20 656 348)	37 191	-	48 069 566	5 491 869		1 118 793	6 411	-	6 617 073	41 452 493
Human Resources	49 523	-	8 127		-	57 650	32 174		5 062		-	37 236	20 414
Internal Audit	24 407	-	-		-	24 407	16 442		2 264		-	18 706	5 701
IT Services	12 483 563	(1)	1 510 556		343 514	13 650 604	7 553 584		1 349 817		322 683	8 580 718	5 069 886
Libraries	9 855 778	(1)	78 738		44 532	9 889 983	3 046 778		491 272	(858)	41 524	3 495 668	6 394 315
Licencing and Traffic Services	2 943 300	1	12 125		168 246	2 787 180	1 901 279		216 964	(402)	143 895	1 973 946	813 234
Multi- Purpose Centre	9 642 353	950 286	(10 331 877)		450	260 312	75 664		33 047		439	108 272	152 040
Municipal Property	387 435 640	1 318 109	15 824 588	3 660 110	3 351 023	404 887 424	223 766 043		3 700 306	2 931 078	63 381	230 334 046	174 553 378
Parks and Recreational Areas	29 861 519	(8 634 371)	(8 454 795)		79 246	12 693 107	6 513 327		593 534	517 153	70 526	7 553 488	5 139 619
Policing and Law Enforcement	6 630 096	(133 019)	897 763		2 630	7 392 210	1 953 190		698 690		2 344	2 649 536	4 742 674
Refuse Removal	78 562 992	133 019	4 659 213	228 389	194 389	83 389 224	37 722 445		3 008 704		145 841	40 585 308	42 803 916
Sewerage	722 360 694	(1)	20 793 023	64 076 000	2 476 424	804 753 292	342 432 154		16 087 982	1 602 850	1 582 320	358 540 666	446 212 626
Sportgrounds	73 462 258	4 072 861	1 809 618	1 036 324	135 000	80 246 061	39 422 093		1 781 001		134 816	41 068 278	39 177 783
Supply Chain Management	34 205	763	4 905		789	39 084	20 300		5 006	(518)	241	24 547	14 537
Streets and Stormwater	1 154 722 388	-	65 033 584		14 151 646	1 205 604 326	641 300 841		28 309 796	474 327	11 474 260	658 610 704	546 993 622
Swimming Pools	19 223	-	-		-	19 223	17 173		618		-	17 791	1 432
Tourism	15 036	-	-		600	14 436	13 981		404		564	13 821	615
Town and Community Halls	378 905	1	12 740 345		525	13 118 726	208 582		33 897	(319)	183	241 977	12 876 749
Water Services	860 810 678	56 213	29 691 976	1 731 377	2 239 256	890 050 988	467 800 352		14 661 621	250 874	1 496 041	481 216 806	408 834 182
TOTAL	4 077 768 509	(2)	121 537 933	97 802 106	36 007 968	4 261 100 578	2 089 304 597	-	87 220 069	6 131 426	25 698 629	2 156 957 463	2 104 143 115

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Appendix D: Segmental Statement of Financial Performance

Refer note 56.

Swartland Municipality

Annual Financial Statements for the year ended 30 June 2021

Appendix E: Disclosure of Grants and Subsidies in terms of Section 123 of the MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act
		September	December	March	June	September	December	March	June	September	December	March	June		Yes / No
Housing Project: Riebeek Wes	Provincial Department of Human Settlements	-	-	2 269 520	866 718	-	-	-	-	-	-	-	-	None	Yes
Housing Project: Riebeek Kasteel	Provincial Department of Human Settlements	-	3 538 522	434 000	-	3 896 477	1 213 926	2 092 773	3 376 235	-	-	-	-	None	Yes
Housing Project: Malmesbury De Hoop	Provincial Department of Human Settlements	7 578 981	8 312 457	7 858 438	-	4 994 284	3 862 218	6 118 654	9 041 707	-	-	-	-	None	Yes
Kalbaskraal Housing Project	Provincial Department of Human Settlements	-	86 411	134 000	-	93 669	199 809	15 771	714 509	-	-	-	-	None	Yes
Sibanye-Moorreesburg	Provincial Department of Human Settlements	-	-	816 773	(646 047)	6 520	-	-	108 829	-	-	-	-	None	Yes
Municipal Infrastructure Grant (MIG)	National Department of Cooperative Governance and Traditional Affairs	14 304 000	6 879 000	1 740 000	-	2 022 453	17 361 706	1 798 841	1 740 000	-	-	-	-	None	Yes
Expanded Public Works Programme	National Department of Public Works	467 000	840 000	560 000	-	309 855	442 584	521 961	592 600	-	-	-	-	None	Yes
Libraries	Provincial Department of Cultural Affairs and Sport	3 882 667	3 882 667	1 994 666	1 028 000	1 978 014	2 910 860	2 319 908	3 579 218	-	-	-	-	None	Yes
Integrated National Electrification Programme	National Department of Energy	2 995 000	2 657 000	-	-	399 432	1 439 731	1 630 442	2 182 395	-	-	-	-	None	Yes
Energy Efficiency And Demandside Management	National Department of Energy	1 600 000	1 000 000	1 000 000	-	7 957	1 276 653	1 355 498	959 892	-	-	-	-	None	Yes
Regional Socio economic Programme	Provincial Department of Environmental Affairs and Development Planning	3 000 000	-	-	-	-	523 971	852 842	4 808 489	-	-	-	-	None	Yes
Proclaimed Roads	Provincial Department of Transport and Public Works	-	-	175 000	-	-	-	175 000	-	-	-	-	-	None	Yes
Financial Management Grant	National Treasury	1 550 000	-	-	-	485 941	297 307	341 000	425 752	-	-	-	-	None	Yes
Fire Service Capacity Building Grant		732 000	-	-	-	-	590 720	116 798	24 482	-	-	-	-	None	Yes

Swartland Municipality

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Appendix E: Disclosure of Grants and Subsidies in terms of Section 123 of the MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly expenditure				Grants and Subsidies delayed / withheld				Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of the grant framework in the latest Division of Revenue Act
		September	December	March	June	September	December	March	June	September	December	March	June		
Thusong Centre Refurbishment		-	150 000	-	-	66 612	67 986	-	15 200	-	-	-	-	None	Yes
Public Safety: K9 Units	Provincial Department of Community Safety	-	2 200 000	-	-	799 127	762 903	1 133 549	1 002 598	-	-	-	-	None	Yes
Local Government Seta	Local Government Seta	-	29 459	148 891	96 560	274 910	-	-	-	-	-	-	-	None	Yes
Title Restoration: Housing Projects	Provincial Department of Human Settlements	-	-	-	-	-	-	-	145 065	-	-	-	-	None	Yes
Municipal Accreditation And Capacity Building		-	-	-	-	59 346	19 989	17 728	79 921	-	-	-	-	None	Yes
Community Development Workers	Provincial Department of Local Government	-	-	38 000	-	-	-	-	41 599	-	-	-	-	None	Yes
Financial Management Support Grant: Student Bursaries	Provincial Department of Finance	-	-	300 000	-	-	-	120 000	28 175	-	-	-	-	None	Yes
EQUITABLE SHARE	National Department of Cooperative Governance and Traditional Affairs	45 988 000	44 867 000	25 549 000	-	45 988 000	44 867 000	25 549 000	-	-	-	-	-	None	Yes
Total		82 097 648	74 442 516	43 018 288	1 345 231	61 382 597	75 837 362	44 159 765	28 866 666	-	-	-	-		