



**OR Tambo District Municipality**  
(Registration number : DC15)  
**Consolidated Annual Financial Statements**  
for the year ended 30 June 2022

# OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2022

## General Information

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The reports and statements set out below comprise the consolidated annual financial statements presented to the council:

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## Abbreviations and definitions

GRAP	Generally Recognised Accounting Practice
SARS	South African Revenue Services
VAT	Value Added Tax
CAFS	Consolidated Annual Financial Statements
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
RBIG	Regional Bulk Infrastructure Grant
WSIG	Water Services Infrastructure Grant
IGRAP	Interpretations of Generally Recognised Accounting Practice
EPWP	Expanded Public Works Programme
SITA	State Information Technology Agency
Controlled entity	An entity, including an unincorporated entity such as a partnership, that is controlled by another entity
Controlling entity	An entity that has one or more controlled entities
Economic entity	A group of entities comprising a controlling entity and one or more controlled entities

# OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2022

## General Information

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**EXECUTIVE MAYOR:**

Cllr Ngqondwana M.D.

**SPEAKER:**

Cllr Capa N.

**MEMBERS OF THE MAYORAL COMMITTEE**

Executive Mayor

Cllr Ngqondwana M.D.

Deputy Executive Mayor

Cllr Sokanyile T.

MMC: Water and Sanitation Services

Cllr Ngudle M.P.

MMC: Budget and Treasury Office & Internal Audit

Cllr Giyose M.R.

MMC: Corporate Services

Cllr Mdledle N.U.

MMC: Community Services

Cllr Gcingca N.

MMC: Rural Economic Development Programme

Cllr Ndabeni M.

MMC: Human Settlement

Cllr Sabisa T.

MMC: Special Programmes & Social Services

Cllr Mtuku B.N.

MMC: IGR, Planning, Research & Policy Development

Cllr Gqomo N.

Deceased subsequent to year-end

MMC: Technical Services

Cllr Ngozi W.

The above mayoral committee was sworn in after municipal elections in November 2021.

**GRADING OF THE LOCAL AUTHORITY:**

Grade 5

**AUDITORS:**

External:

Auditor-General South Africa

Internal:

Own Staff

**PRIMARY BANKER:**

First National Bank

**REGISTERED OFFICE:**

Magwa House

Private Bag X6043

Nelson Mandela Drive

MTHATHA

MTHATHA

5099

5099

Telephone: (047) 501-6400; Facsimile: (047) 501-6455

E-Mail: [ortambodm@ortambodm.org.za](mailto:ortambodm@ortambodm.org.za)

Website: [www.ortambodm.gov.za](http://www.ortambodm.gov.za)

**MUNICIPAL MANAGER**

S.W. MKHIZE (047) 501-6407

[sibusisom@ortambodm.gov.za](mailto:sibusisom@ortambodm.gov.za)

**ACTING CHIEF FINANCIAL OFFICER**

S. HOPA (047) 501-6546

[sakhiwoh@ortambodm.gov.za](mailto:sakhiwoh@ortambodm.gov.za)

# OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2022

## General Information

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### 1. APPROVAL OF FINANCIAL STATEMENTS

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 Consolidated Annual Financial Statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the Consolidated 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 year then ended. The external auditors are engaged to express an independent opinion on the Consolidated Annual Financial Statements and are given unrestricted access to all financial records and related data.

The Consolidated Annual Financial Statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board.

The Consolidated Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I, as the Accounting Officer, acknowledge that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have set 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 endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

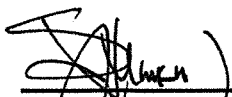
I have reviewed the municipality's cash flow forecast for the year 2022/2023 and, in the light of this review and the current financial position, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.


The Consolidated Annual Financial Statements are prepared on the basis that the municipality is a going concern and that the OR Tambo District Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although, I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's external auditors.

The external auditor, being the Auditor General of South Africa, is responsible for independently reviewing and reporting on the municipality's Consolidated Annual Financial Statements. The Consolidated Annual Financial Statements have been examined by the municipality's internal auditors and their report is presented on page xx.

The Consolidated Annual Financial Statements set out on pages 8 to 90 which have been prepared on the going concern basis, were approved on 30 September 2022.

  
S.W. MKHIZE  
MUNICIPAL MANAGER  
30 NOVEMBER 2022

  
S. HOPA  
ACTING CHIEF FINANCIAL OFFICER  
30 NOVEMBER 2022

## OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2022

### Members of the council

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#### NEW COUNCIL MEMBERS SWORN IN AFTER MUNICIPAL ELECTIONS IN NOVEMBER 2021.

COUNCILLOR	PARTY	PARTY REP.	LM REP.	
Badli T.	ANC	No	Yes	
Bodoza B.	EFF	Yes	No	
Bunzana M.	UDM	No	Yes	
Capa N.Y.	ANC	Yes	No	
Danbuza M.B.	ANC	Yes	No	
Dlani X.H.	ANC	No	Yes	
Dudumayo M.B.	UDM	Yes	No	
Dywili N.	ANC	Yes	No	
Fukula M.A.	EFF	Yes	No	
Gabada P.V.	ATM	Yes	No	
Gcilitshana L.	UDM	Yes	No	
Gcingca N.R.	ANC	Yes	No	
Giyose M.R.	ANC	No	Yes	
Gqomo N.	ANC	Yes	No	Deceased subsequent to year-end
Jacob U.	ANC	Yes	No	
Jamjam M.A.	ATM	No	Yes	
Knock R.	UDM	No	Yes	
Libazi M.	EFF	No	Yes	
Mabhedumana B.	EFF	No	Yes	
Madolo S.	ANC	No	Yes	
Madyibi H.N.	Independent	No	Yes	
Makaba M.	ANC	No	Yes	
Mapolisa Z.	EFF	No	Yes	
Matanda N. P.	ANC	No	Yes	
Matubatuba N.	ANC	No	Yes	
Mbeko N.M.	ATM	No	Yes	
Mdledle N.U.	ANC	Yes	No	
Mgquba A.	EFF	No	Yes	
Mhlaba S.	ANC	No	Yes	
Molakalaka L.C.	ANC	No	Yes	
Mfamela M.	ANC	No	Yes	
Mtuku N.B.	ANC	Yes	No	
Ncapayi N.V.	ANC	No	Yes	
Ncolosi S.I.	ANC	No	Yes	
Ndabeni M.	ANC	Yes	No	
Ndzumo T.	ANC	No	Yes	
Ngozi W.	ANC	Yes	No	
Ngqondwana M.D.	ANC	Yes	No	
Ngqongwa N.	ANC	Yes	No	
Ngudle M.P.	ANC	Yes	No	
Ngxamile N.P.	ANC	Yes	No	

## OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2022

### Members of the council

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Njisane Siphokazi	ANC	No	Yes	
Njovane S.	Independent	No	Yes	
Nondaka Z.	UDM	No	Yes	
Nonkonyana N.	ANC	No	Yes	
Ntshuba V.W	ANC	Yes	No	
Ntsodo Z.E.	DA	Yes	No	
Ranai W.F.	ANC	No	Yes	Deceased subsequent to year-end
Sabisa T.N.	ANC	Yes	No	
Sekese A.L.	AIC	No	Yes	
Sidlova N.G.	ANC	No	Yes	
Sokanyile T.	ANC	Yes	No	
Somzana N.	DA	No	Yes	
Tokwana C.S.	ANC	No	Yes	
Tshikitshwa T.	ANC	No	Yes	
Vanda N.L.	ANC	No	Yes	
Vava K.	ANC	No	Yes	
Zondani V.B.	ANC	No	Yes	
Zozi, Z.	ANC	Yes	No	

### PREVIOUS MAYORAL COMMITTEE, REPLACED BY THE NEW COUNCIL AFTER MUNICIPAL ELECTIONS IN NOVEMBER 2021.

#### EXECUTIVE MAYOR:

Cllr Sokanyile T.

#### SPEAKER:

Cllr Nkompela X.D.

#### MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Cllr Sokanyile T.
Deputy Executive Mayor	Cllr Nogumla R.Z.
MMC: Water and Sanitation Services	Cllr Ngqongwa N.
MMC: Budget and Treasury Office & Internal Audit	Cllr Giyose R.M.
MMC: Corporate Services	Cllr Mdledle N.
MMC: Community Services	Cllr Mdoda N.Z.
MMC: Rural Economic Development Programme	Cllr Zozo D.
MMC: Human Settlement & Disaster Management	Cllr Mjokovana D.
MMC: Special Programmes & Social Services	Cllr Godongwana S.
MMC: IGR, Planning, Research & Policy Development	Cllr Dambuza M. B.
MMC: Technical Services	Cllr Sabona J.

## OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2022

### Members of the council

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PREVIOUS COUNCIL MEMBER, REPLACED BY THE NEW COUNCIL AFTER MUNICIPAL ELECTIONS IN NOVEMBER 2021.

COUNCILLOR	PARTY	PARTY REP.	LM REP.	
Bara B.	DA	No	Yes	
Beqezi N.	ANC	Yes	No	
Bokwe F.	ANC	No	Yes	
Bontsa E.S.	DA	No	Yes	
Bunzana M.	UDM	No	Yes	
Cube Z.	DA	No	Yes	
Cwecwe N.	ANC	No	Yes	
Dambuza M.B.	ANC	Yes	No	
Dudumayo B.R.	UDM	Yes	No	
Dumisa T.V.	ANC	No	Yes	
Fono N.	ANC	No	Yes	
Gaxeni F.	ANC	No	Yes	
Gcinindawo N.	ANC	No	Yes	
Giyose R.M.	ANC	Yes	No	
Godongwana S.	ANC	Yes	No	
Gqetywa N.I.	ANC	No	Yes	
Gqwetha B.	UDM	No	Yes	
Gusana Z.	ANC	No	Yes	
Mabasa S.N.	DA	No	Yes	
Mabongo L.	ANC	Yes	No	
Madwantsi P.	ANC	No	Yes	
Malghas B.	MARRA	No	Yes	
Malghas U.	ANC	No	Yes	
Malindi A.X.	ANC	Yes	No	
Mandita K.D.	ANC	Yes	No	
Maqhajini L.	EFF	Yes	No	
Matanzima S.	ANC	No	Yes	
Mbangatha N.	ANC	No	Yes	
Mchiithakali N.	ANC	No	Yes	
Mdledle N.	ANC	Yes	No	
Mdoda N.Z.	ANC	Yes	No	
Mgaweni T.	ANC	No	Yes	
Mjoji L.	AIC	Yes	No	
Mjokovana D.	ANC	No	Yes	
Mkontwana N.	ANC	No	Yes	
Msakeni M.	ANC	No	Yes	
Myolwa D.J.	ANC	Yes	No	Resigned on the 19/02/21
Mziba L.	ANC	No	Yes	
Mzimane N.F.	UDM	No	Yes	
Ndabeni M.	ANC	Yes	No	Replaced councilor Myolwa D.J. on the 25/02/21
Ndude L.M.	UDM	Yes	No	

## OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2022

### Members of the council

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PREVIOUS COUNCIL MEMBER, REPLACED BY THE NEW COUNCIL AFTER MUNICIPAL ELECTIONS IN NOVEMBER 2021 (CONTINUED).

Ngozi W.	ANC	Yes	No
Ngqongwa N.	ANC	No	Yes
Nkani N.	ANC	No	Yes
Nkompela X.	ANC	Yes	No
Nogumla R.Z.	ANC	Yes	No
Nokhanda B.	ANC	Yes	No
Ntukuntezi L.S.	ANC	No	Yes
Pato T.Z.	CI	Yes	No
Pepping P.N.	ANC	Yes	No
Qangani S.	ANC	No	Yes
Qaqa M.S.	ANC	No	Yes
Rolobile I.	ANC	No	Yes
Sabisa T.N.	ANC	Yes	No
Sabona J.	ANC	Yes	No
Sokanyile T.	ANC	Yes	No
Tshotsho L.	EFF	No	Yes
Xangayi C.T.	DA	Yes	No
Zozo D.M.	ANC	No	Yes

### Certification of Councillors' Allowances and Benefits

I certify that the salaries, allowances and benefits of councillors as disclosed in note 29 to these Consolidated 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 the Act.

  
S.W. MKHIZE  
MUNICIPAL MANAGER  
30 SEPTEMBER 2022



## **OR Tambo District Municipality**

(Registration number : DC15)

**Consolidated Annual Financial Statements for the year ended 30 June 2022**

### **Executive Mayor Foreword**

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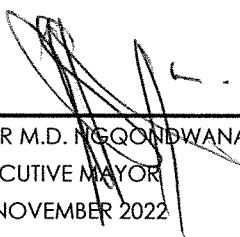
I am pleased to present the O.R. Tambo District Municipality's Consolidated Annual Financial Statements (CAFS) for the year ended 30 June 2022. These statements, when read together with the annual report, provide a measure of our progress in line with our Integrated Developmental Plan (IDP) which was a product of high quality consultation between the municipality and its inhabitants.

The Consolidated Annual Financial Statements are also used as tools to deepen our communications with our stakeholders. I wish to take the opportunity to thank the municipality's and the municipal entities' leadership, both politically and administratively, for their effort in advancing the will of the people. I thank all officials of the municipality from the most junior to the most senior one, for their patience, perseverance, dedication and commitment to our strategic objectives, especially the production of these statements (CAFS). Your hard work, blood and sweat is helping us to turn the O.R. Tambo District Municipality to be among the government institutions that are able to account for public resources.

It has to be noted that 2021/22 financial year hasn't been easy an year generally especially in O.R. Tambo District Municipality. Whilst the challenges can be noted the district continued to deliver equitable services to its inhabitants.

With the stretched financial and human resources, the municipality stretched every cent to reach more people and attain more value for money. Part of our work has been to grow the district economy, remain relevant and improve our efforts of rendering services to communities. We continue to solicit new ideas for development or service delivery challenges from all partners. These are entrenched in the principles of good governance and our goal is to remain transparent in the process of executing our responsibilities. The ORTDM remains committed to the enhancement of governance processes for the realisation of tangible results on the ground. These results coupled with service, include strong financial controls, improved financial performance and, most importantly, the attainment of an unqualified audit opinion.

To achieve all our wishes as reflected above requires improved performance, both politically and administratively, strict adherence to government policy, effective implementation from administration and unwavering support from communities. It is every citizen's civic duty to ensure that the greater good of society is protected, harnessed and nurtured. It is in the best interest of each person from our region to unite behind a common purpose of seeing rapid economic growth which results in the creation of new jobs, new business opportunities and safe communities to live in.



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CLLR M.D. NGQONDWANA  
EXECUTIVE MAYOR  
30 NOVEMBER 2022

## OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2022

### Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	Economic Entity		Controlling Entity	
		2022	2021 Restated*	2022	2021 Restated*
<b>CURRENT ASSETS</b>					
Inventories	2	15,806,517	16,338,779	11,591,202	12,278,737
Receivables from Exchange Transactions	3	158,883,057	158,384,113	158,774,171	160,618,254
Receivables from Non-exchange Transactions	4	1,386,049	3,777,951	1,386,048	2,580,481
Prepayments	5	565,850	64,555,640	306,442	64,296,233
Statutory Receivables	6	59,966,711	38,046,346	59,966,711	38,046,346
Cash and Cash Equivalents	7	388,728,279	400,712,379	383,801,357	397,403,054
		<b>625,336,462</b>	<b>681,815,207</b>	<b>615,825,931</b>	<b>675,223,105</b>
<b>NON-CURRENT ASSETS</b>					
Property, Plant and Equipment	8	7,299,909,365	7,080,685,198	7,248,663,160	7,024,510,218
Intangible Assets	9	856,406	1,443,040	636,046	959,518
Heritage Assets	10	247,025	247,025	247,025	247,025
Biological Assets	11	14,567,854	13,173,660	-	-
		<b>7,315,580,650</b>	<b>7,095,548,923</b>	<b>7,249,546,231</b>	<b>7,025,716,761</b>
<b>TOTAL ASSETS</b>		<b>7,940,917,113</b>	<b>7,777,364,131</b>	<b>7,865,372,162</b>	<b>7,700,939,866</b>
<b>CURRENT LIABILITIES</b>					
Consumer Deposits	12	3,312,153	3,694,728	3,312,153	3,694,728
Employee Benefit Liabilities	13	106,576,220	105,751,179	100,914,752	100,963,172
Payables from Exchange Transactions	14	493,495,013	424,636,811	488,259,971	424,204,993
Payables from Non-exchange Transactions	15	41,767,983	263,346,947	41,321,013	262,899,966
Unspent Conditional Grants and Receipts	16	188,432,584	191,653,115	188,230,015	191,450,546
VAT Payable	17	13,502,173	8,470,750	-	-
Current Portion of Finance Lease Liabilities	18	2,481,182	2,548,117	2,413,901	2,251,164
		<b>849,567,308</b>	<b>1,000,101,647</b>	<b>824,451,805</b>	<b>985,464,569</b>
<b>NON-CURRENT LIABILITIES</b>					
Finance Lease Liabilities	18	1,705,452	4,186,634	1,705,452	4,119,353
Employee Benefit Liabilities	19	148,847,000	143,524,861	148,847,000	143,524,861
		<b>150,552,452</b>	<b>147,711,495</b>	<b>150,552,452</b>	<b>147,644,214</b>
<b>TOTAL LIABILITIES</b>		<b>1,000,119,760</b>	<b>1,147,813,142</b>	<b>975,004,257</b>	<b>1,133,108,783</b>
Net Assets		<b>6,940,797,353</b>	<b>6,629,550,989</b>	<b>6,890,367,905</b>	<b>6,567,831,083</b>
Accumulated surplus / (Deficit)	20	6,922,819,895	6,629,550,989	6,872,390,447	6,567,831,083
Revaluation Surplus	21	17,977,458	-	17,977,458	-
		<b>6,940,797,353</b>	<b>6,629,550,989</b>	<b>6,890,367,905</b>	<b>6,567,831,083</b>

## OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2022

### Statement of Financial Performance

Figures in Rand	Note(s)	Economic Entity		Controlling Entity	
		2022	2021 Restated*	2022	2021 Restated*
<b>REVENUE</b>					
<b>Revenue from Exchange Transactions</b>					
Service Charges	22	303,752,916	300,164,216	303,752,916	300,164,216
Rental of Facilities and Equipment	23	415,672	323,478	33,855	7,170
Interest Earned - External Investments	24	10,902,473	15,656,903	10,790,076	15,461,947
Interest Earned - Outstanding Debtors	24	32,877,677	24,970,985	32,877,677	24,970,985
Operational revenue	25	16,858,073	13,128,776	3,198,976	1,637,882
Income from Agency Services	26	367,018	631,100	203,152	217,997
<b>Total revenue from exchange transactions</b>		<b>365,173,829</b>	<b>354,875,458</b>	<b>350,856,652</b>	<b>342,460,197</b>
<b>Revenue from Non-exchange Transactions</b>					
<b>Transfer revenue</b>					
Transfers and Subsidies Received	27	1,524,718,664	1,681,608,432	1,524,718,664	1,680,901,300
<b>Total revenue from non-exchange transactions</b>		<b>1,524,718,664</b>	<b>1,681,608,432</b>	<b>1,524,718,664</b>	<b>1,680,901,300</b>
<b>Total revenue</b>		<b>1,889,892,493</b>	<b>2,036,483,890</b>	<b>1,875,575,316</b>	<b>2,023,361,497</b>
<b>EXPENDITURE</b>					
Employee Related Costs	28	(775,643,839)	(805,575,562)	(731,304,138)	(760,630,872)
Remuneration of Councillors and Board Members	29	(20,297,202)	(21,211,997)	(19,456,433)	(20,384,515)
Depreciation and Amortisation	30	(236,909,826)	(237,886,305)	(231,644,456)	(232,471,264)
Impairment Losses	31	(102,511,175)	(33,856,165)	(94,752,777)	(33,764,752)
Bad Debts Written off	32	(12,666,625)	(19,587,153)	(12,666,625)	(19,587,153)
Finance Costs	33	(21,819,477)	(17,164,144)	(21,709,311)	(16,900,991)
Contracted Services	34	(127,995,672)	(146,725,025)	(123,150,914)	(144,864,927)
Transfers and Subsidies	35	(53,695,841)	(251,777,818)	(103,922,616)	(296,035,356)
Inventory Consumed	36	(46,793,864)	(46,658,209)	(35,295,149)	(37,315,153)
Inventory Losses	37	(11,439,667)	(12,486,997)	(11,439,667)	(12,486,997)
Operational Costs	38	(207,846,370)	(209,151,152)	(200,209,726)	(200,250,048)
<b>Total expenditure</b>		<b>(1,617,619,558)</b>	<b>(1,802,080,527)</b>	<b>(1,585,551,812)</b>	<b>(1,774,692,028)</b>
<b>Operating surplus</b>		<b>272,272,935</b>	<b>234,403,363</b>	<b>290,023,504</b>	<b>248,669,469</b>
Actuarial Gain / (Loss)	19	13,864,000	(5,371,000)	13,864,000	(5,371,000)
Gains / (Losses) on Disposal of Property, Plant and Equip	39	645,194	(4,747)	645,194	50,116
Reversal of Impairment	40	26,666	-	26,666	-
Biological Assets - Adjustments		5,716,732	2,956,707	-	-
Biological Assets - Gains		1,203,559	299,169	-	-
Biological Assets - Losses		(460,180)	(477,300)	-	-
		<b>20,995,971</b>	<b>(2,597,171)</b>	<b>14,535,860</b>	<b>(5,320,884)</b>
Income tax		-	-	-	-
<b>Surplus for the year</b>		<b>293,268,906</b>	<b>231,806,192</b>	<b>304,559,364</b>	<b>243,348,585</b>

## OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2022

### Statement of Changes in Net Assets

Figures in Rand	Note(s)	Accumulated surplus	Revaluation surplus	Total net assets
<b><u>Economic Entity</u></b>				
<b>Balance at 01 July 2020</b>		<b>6,508,963,177</b>	-	<b>6,508,963,177</b>
Correction of errors	46	(111,218,381)	-	(111,218,381)
<b>Restated* Balance at 01 July 2020</b>		<b>6,397,744,797</b>	-	<b>6,397,744,797</b>
<b>Restated* Surplus for the year</b>		<b>231,806,192</b>	-	<b>231,806,192</b>
Audited Surplus for the year	46	292,297,369	-	292,297,369
Correction of errors	46	(60,491,176)	-	(60,491,176)
<b>Restated* Balance at 30 June 2021</b>		<b>6,629,550,989</b>	-	<b>6,629,550,989</b>
<b>Surplus for the year</b>		<b>293,268,906</b>	-	<b>293,268,906</b>
Increase in Revaluation Surplus		-	17,977,458	17,977,458
<b>Balance at 30 June 2022</b>		<b>6,922,819,895</b>	<b>17,977,458</b>	<b>6,940,797,353</b>

### **Controlling Entity**

<b>Balance at 01 July 2020</b>		<b>6,436,906,042</b>	-	<b>6,436,906,042</b>
Correction of errors	46	(112,423,544)	-	(112,423,544)
<b>Restated* Balance at 01 July 2020</b>		<b>6,324,482,499</b>	-	<b>6,324,482,499</b>
<b>Restated* Surplus for the year</b>		<b>243,348,585</b>	-	<b>243,348,585</b>
Audited Surplus for the year	46	303,839,761	-	303,839,761
Correction of errors	46	(60,491,176)	-	(60,491,176)
<b>Restated* Balance at 30 June 2021</b>		<b>6,567,831,083</b>	-	<b>6,567,831,083</b>
Surplus for the year		304,559,364	-	304,559,364
Increase in Revaluation Surplus		-	17,977,458	17,977,458
<b>Balance at 30 June 2022</b>		<b>6,872,390,447</b>	<b>17,977,458</b>	<b>6,890,367,905</b>

## OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2022

### Cash Flow Statement

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Service Charges	214,676,177	254,759,517	214,676,177	254,759,517
Interest income	22,932,995	27,294,158	22,820,598	27,099,202
Operational receipts	18,126,349	6,556,134	4,247,841	562,855
Transfers and subsidies	1,583,550,317	1,476,054,944	1,585,487,924	1,487,533,517
	<b>1,839,285,838</b>	<b>1,764,664,754</b>	<b>1,827,232,540</b>	<b>1,769,955,091</b>
<b>Payments</b>				
Employee related costs	(772,240,806)	(788,855,782)	(728,352,419)	(743,083,610)
Remuneration of Councillors	(19,456,433)	(20,384,515)	(19,456,433)	(20,384,515)
Finance Costs	(5,633,477)	(1,291,144)	(5,523,311)	(1,027,991)
Suppliers Paid	(85,869,321)	(109,421,625)	(69,848,068)	(93,945,369)
Other payments	(512,301,458)	(216,581,138)	(561,006,444)	(273,062,155)
	<b>(1,395,501,495)</b>	<b>(1,136,534,204)</b>	<b>(1,384,186,675)</b>	<b>(1,131,503,640)</b>
<b>Net cash flows from operating activities</b>	<b>443,784,343</b>	<b>628,130,550</b>	<b>443,045,865</b>	<b>638,451,451</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(459,196,670)	(571,239,643)	(459,070,556)	(570,475,173)
Proceeds on Disposal of Fixed Assets	5,930,397	101,976	4,674,157	100,733
Purchase of other intangible assets	-	(68,523)	-	-
Purchase of Biological assets	(218,347)	(2,096,900)	-	-
Proceeds on Disposal of Biological assets	264,291	3,126,064	-	-
<b>Net cash flows from investing activities</b>	<b>(453,220,329)</b>	<b>(570,177,026)</b>	<b>(454,396,399)</b>	<b>(570,374,440)</b>
<b>Cash flows from financing activities</b>				
Acquisitions of Finance Leases Liabilities	-	7,463,753	-	7,086,659
(Repayments) of Finance Lease Liabilities	(2,548,115)	(938,957)	(2,251,164)	(716,142)
<b>Net cash flows from financing activities</b>	<b>(2,548,115)</b>	<b>6,524,796</b>	<b>(2,251,164)</b>	<b>6,370,517</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(11,984,101)</b>	<b>64,478,319</b>	<b>(13,601,698)</b>	<b>74,447,527</b>
Cash and cash equivalents at the beginning of the year	400,712,378	336,234,059	397,403,054	322,955,527
<b>Cash and cash equivalents at the end of the year</b>	<b>388,728,279</b>	<b>400,712,378</b>	<b>383,801,357</b>	<b>397,403,054</b>

NB: Refer to note 62 for Cash flow workings.

## OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2022

### Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts	Variance	%	Ref.
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#### Statement of Financial Performance

##### Revenue By Source

Service charges - Water revenue	247,956,705	-	247,956,705	241,297,359	6,659,346	3%	
Service charges - Sanitation revenue	116,994,162	-	116,994,162	62,455,557	54,538,605	47%	C01
Rental of fixed assets	106,785	-	106,785	415,672	(308,887)	-289%	C02
Interest earned - external investments	20,666,683	(16,000,000)	4,666,683	10,902,473	(6,235,790)	-134%	C03
Interest earned - outstanding debtors	33,340,200	-	33,340,200	32,877,677	462,523	1%	
Other revenue	330,763,814	(164,700,000)	166,063,814	36,832,489	129,231,325	78%	C04
Transfers and subsidies	1,007,694,595	-	1,007,694,595	963,152,679	44,541,916	4%	
Gains	2,150,000	-	2,150,000	1,848,753	301,247	14%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1,759,672,944</b>	<b>(180,700,000)</b>	<b>1,578,972,944</b>	<b>1,349,782,659</b>	<b>229,190,285</b>		

##### Expenditure By Type

Employee Related Costs	(729,823,576)	9,647,130	(720,176,446)	(775,643,839)	55,467,393	-8%	C05
Remuneration of Councillors	(22,777,953)	(341,670)	(23,119,623)	(20,297,202)	(2,822,421)	12%	C06
Depreciation and Amortisation	(193,306,021)	23,510,500	(169,795,521)	(236,909,826)	67,114,305	-40%	C07
Impairment Losses	(136,311,520)	20,000,000	(116,311,520)	(115,177,800)	(1,133,720)	1%	C08
Finance Costs	-	-	-	(21,819,477)	21,819,477	-100%	C09
Contracted Services	(140,034,221)	42,464,264	(97,569,957)	(127,995,672)	30,425,715	-31%	C10
Transfers and subsidies	(93,014,484)	38,140,539	(54,873,945)	(53,695,841)	(1,178,104)	2%	C11
Inventory Consumed	(79,231,357)	25,000,000	(54,231,357)	(46,793,864)	(7,437,493)	14%	C12
Inventory Losses	-	-	-	(11,439,667)	11,439,667	-100%	C13
Operational Expenses	(205,093,496)	(1,377,452)	(206,470,948)	(208,306,550)	1,835,602	-1%	
<b>Total expenditure</b>	<b>(1,599,592,628)</b>	<b>157,043,311</b>	<b>(1,442,549,317)</b>	<b>(1,618,079,738)</b>	<b>175,530,420</b>		
<b>Surplus / (Deficit)</b>	<b>160,080,316</b>	<b>(23,656,689)</b>	<b>136,423,627</b>	<b>(268,297,079)</b>	<b>404,720,705</b>		
Transfers and subsidies - Capital	1,078,480,366	(181,857,457)	896,622,909	561,565,985	335,056,924	37%	C14
<b>Surplus for the year</b>	<b>1,238,560,682</b>	<b>(205,514,146)</b>	<b>1,033,046,536</b>	<b>293,268,906</b>	<b>739,777,629</b>		

## OR Tambo District Municipality

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### Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts	Variance	%	Ref.
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash	408,506,325	(394,747,136)	13,759,189	67,067,850	(53,308,661)	-387%	D01
Call investment deposits	102,862,429	(80,000,001)	22,862,428	321,660,429	(298,798,001)	-1307%	D02
Consumer debtors	168,867,302	12,155,554	181,022,856	158,883,057	22,139,799	12%	D03
Inventories	12,413,469	-	12,413,469	15,806,517	(3,393,048)	-27%	D04
Other debtors	288,515,388	(31,223,952)	257,291,436	61,918,610	195,372,826	76%	D05
<b>Total current assets</b>	<b>981,164,913</b>	<b>(493,815,535)</b>	<b>487,349,378</b>	<b>625,336,462</b>	<b>(137,987,084)</b>		
<b>NON-CURRENT ASSETS</b>							
Property, Plant and Equipment	6,979,291,307	911,502,130	7,890,793,437	7,314,477,219	576,316,218	7%	D06
Intangible Assets	16,002,223	(5,451,412)	10,550,811	856,406	9,694,405	92%	D07
Other non-current assets	250,000	-	250,000	247,025	2,975	1%	
<b>Total non current assets</b>	<b>6,995,543,530</b>	<b>906,050,718</b>	<b>7,901,594,248</b>	<b>7,315,580,650</b>	<b>586,013,598</b>		
<b>TOTAL ASSETS</b>	<b>7,976,708,443</b>	<b>412,235,183</b>	<b>8,388,943,626</b>	<b>7,940,917,113</b>	<b>448,026,513</b>		
<b>CURRENT LIABILITIES</b>							
Consumer Deposits	4,087,293	-	4,087,293	3,312,153	775,140	19%	D08
Trade and other payables	480,296,977	(84,727,854)	395,569,123	551,246,351	(155,677,228)	-39%	D09
Unspent Conditional Grants and Receipts	-	-	-	188,432,584	(188,432,584)	-100%	D10
Provisions	248,980,468	22,755,048	271,735,516	106,576,220	165,159,296	-100%	D11
<b>Total current liabilities</b>	<b>733,364,738</b>	<b>(61,972,806)</b>	<b>671,391,932</b>	<b>849,567,308</b>	<b>(178,175,376)</b>		
<b>NON-CURRENT LIABILITIES</b>							
Finance Lease Liabilities	-	-	-	1,705,452	(1,705,452)	-100%	D09
Provisions	-	-	-	148,847,000	(148,847,000)	-100%	D11
	-	-	-	<b>150,552,452</b>	<b>(150,552,452)</b>		
<b>TOTAL LIABILITIES</b>	<b>733,364,738</b>	<b>(61,972,806)</b>	<b>671,391,932</b>	<b>1,000,119,760</b>	<b>(328,727,828)</b>		
<b>NET ASSETS</b>	<b>7,243,343,705</b>	<b>474,207,989</b>	<b>7,717,551,694</b>	<b>6,940,797,353</b>	<b>776,754,341</b>		
Accumulated surplus / (Deficit)	7,226,888,374	461,592,486	7,688,480,860	6,922,819,895	765,660,965	10%	
Revaluation Surplus	-	-	-	17,977,458	(17,977,458)	-100%	D12
	<b>7,226,888,374</b>	<b>461,592,486</b>	<b>7,688,480,860</b>	<b>6,940,797,353</b>	<b>747,683,507</b>		

## OR Tambo District Municipality

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### Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts	Variance	%	Ref.
<b>Cash Flow Statement</b>							
<b>Cash flows from operating activities</b>							
<b>Receipts</b>							
Service Charges	278,268,147	21,160,002	299,428,149	214,676,177	84,751,972	28%	E01
Transfers and subsidies	2,044,557,017	(242,375,650)	1,802,181,367	1,583,550,317	218,631,050	12%	E02
Interest income	20,666,683	(16,000,000)	4,666,683	22,932,995	(18,266,312)	-391%	E03
Other receipts	306,759,560	(188,166,632)	118,592,928	18,126,349	100,466,579	85%	E04
	<b>2,650,251,407</b>	<b>(425,382,280)</b>	<b>2,224,869,127</b>	<b>1,839,285,838</b>	<b>385,583,289</b>		
<b>Payments</b>							
Suppliers and employees	(1,380,811,606)	(324,913,600)	(1,705,725,206)	(1,389,868,018)	(315,857,188)	19%	E05
Finance Costs	-	-	-	(5,633,477)	5,633,477	-100%	E06
	<b>(1,380,811,606)</b>	<b>(324,913,600)</b>	<b>(1,705,725,206)</b>	<b>(1,395,501,495)</b>	<b>(310,223,711)</b>		
<b>Net cash flows from operating activities</b>	<b>1,269,439,801</b>	<b>(750,295,880)</b>	<b>519,143,921</b>	<b>443,784,343</b>	<b>75,359,578</b>		
<b>Cash flows from investing activities</b>							
Purchase of property, plant and equipment	(1,144,000,633)	237,506,363	(906,494,270)	(459,196,670)	(447,297,600)	49%	E08
Proceeds from sale of Assets	-	-	-	5,930,397	(5,930,397)	100%	E09
Purchase of Biological assets	-	-	-	(218,347)	218,347	-100%	E08
Proceeds on Disposal of Biological assets	-	-	-	264,291	(264,291)	100%	E09
<b>Net cash flows from investing activities</b>	<b>(1,144,000,633)</b>	<b>237,506,363</b>	<b>(906,494,270)</b>	<b>(453,220,329)</b>	<b>(453,273,941)</b>		
<b>Cash flows from financing activities</b>							
(Repayments) of Finance Lease Liabilities	-	-	-	(2,548,115)	2,548,115	-100%	E10
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,548,115)</b>	<b>2,548,115</b>		
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>125,439,168</b>	<b>(512,789,517)</b>	<b>(387,350,349)</b>	<b>(11,984,101)</b>	<b>(375,366,248)</b>		
Cash and cash equivalents at the beginning of the year	381,500,000	38,765,482	420,265,482	400,712,378	19,553,104	5%	
<b>Cash and cash equivalents at the end of the year</b>	<b>506,939,168</b>	<b>(474,024,035)</b>	<b>32,915,133</b>	<b>388,728,278</b>	<b>(355,813,145)</b>		

### STATEMENT OF FINANCIAL PERFORMANCE

C01	<b>Service Charges</b> - The budget for Service charges is based on previous year's actual amounts plus tariff increase and anticipated new customers. The variance is mainly due to continuous data cleansing of customer accounts, mainly sewerage and allocation of correct tariffs which resulted in less revenue than originally anticipated.
C02	<b>Rental of fixed assets</b> - Hall was hired less than anticipated as a result of lockdown regulations which continued until 2021/22 financial year.
C03	<b>Interest Received</b> - Management was reduced during budget adjustment anticipating low interest revenue in the current year due to delayed transfer of grants by the National Treasury.
C04	<b>Operational revenue</b> - Budget includes VAT and reserves whilst in GRAP, VAT is accounted for in accounts receivable and reserves in cash flow.
C05	<b>Employee Related Costs</b> - The employee costs exceeded the budget by 8% mainly due to overtime.
C06	<b>Remuneration of Councillors</b> - The underspending in Councillors' remuneration is due to the fact that new upper limits for the current year have not yet been issued therefore the expenditure is based on the old upper limits while the budget took into consideration an estimate of new upper limits.
C07	<b>Depreciation and amortisation</b> - The increase was mainly due to adjustment of infrastructure assets with completed assets subsequent to the WIP register clean-up conducted during the current year.
C08	<b>Impairment Losses</b> - The budget for impairment includes Debtors Impairment, Bad Debts Written-off and Asset Impairment. Management expected a high impairment on assets during budgeting.
C09	<b>Finance costs</b> - The interest cost relating to post employee benefits was budgeted for under Employee related cost while the interest paid on overdue accounts was as a result of grants withholding by the National Treasury and it was not budgeted for. Refer to note 33 for breakdown.
C10	<b>Contracted Services</b> - The variance in contracted services was mainly due to increase in legal fees paid in the current year in comparison to the prior year.
C11	<b>Transfers and Subsidies</b> - The variance was mainly due to low expenditure on community projects due the delayed transfer of grants to the municipality.
C12	<b>Inventory Consumed</b> - Budget for this line item includes inventory consumed and bulk purchases. The variance was mainly due to reclassification of farm inventory consumed which was allocated under operational cost in Ntinga's AFS and downward adjustment of the original budget after mid-year assessment.
C13	<b>Operational Costs</b> - budget for Operational cost includes operational costs, Losses on disposal of assets and Actuarial Gains / (Losses). The variance is immaterial.
C15	<b>Transfers and subsidies</b> - The variance in Transfers and subsidies can be attributed to unspent grants.



## OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2022

### Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts	Variance	%	Ref.
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#### STATEMENT OF FINANCIAL POSITION

D01	<b>Cash</b> - the variance in cash is mainly due to a significant reduction of budget during adjustment as the cash projects were indicating less funds due to rejected roll-overs deducted from the equitable and the repayment of prior year unspent grants.
D02	<b>Call investment deposits</b> - Variance is mainly due to unspent conditional grants at year end.
D03	<b>Consumer debtors</b> - Budget for this line items includes consumer debtors and other debtors. The variance is mainly due to debtors impairment as a result of non-payment by customers
D04	<b>Inventory</b> - The variance is mainly attributed to less purchases of inventory materials due withholding of grants.
D05	<b>Other debtors</b> - This line item includes VAT, prepayments and other debtors. The variance is mainly due to reduction in prepayments as a result of refunds from Amatola water.
D06	<b>Property Plant and Equipment</b> - Variance is mainly due to delayed projects.
D07	<b>Intangible Assets</b> - Certain Solar system modules planned to be purchased during the current year were not purchased.
D08	<b>Other non-current assets</b> - include <b>Heritage Assets</b> . Variance of 1% is regarded as immaterial.
D09	<b>Consumer Deposits</b> - Variance is mainly due to fewer new customers added in the current year than what was expected during budgeting.
D10	<b>Trade and other payables</b> - this item includes trade creditors and finance lease obligation. The shortage of funds due to rejected rollovers resulted in increase in creditors
D11	<b>Unspent Conditional Grants</b> - Not budgeted for as the municipality was not anticipating under-expenditure.
D12	<b>Provisions</b> - This line item includes both long and short term portion of post employment benefits. The actual balance was much lesser than budgeted for, management to ensure a more realistic budget in future.
D13	<b>Revaluation Surplus</b> - The municipality was not expecting revaluation surplus during the time of budgeting.

#### CASH FLOW STATEMENT

E01	<b>Service Charges</b> - Actual collections on water and sanitation services were less than budgeted for due to non-payment of debtors.
E02	<b>Transfers and subsidies</b> - The municipality budgeted a less amount due to withholding of grants.
E03	<b>Interest Received</b> - The interest received was adjusted down during the budget adjustment period as the grants were received late in the financial year.
E04	<b>Other Receipts</b> - VAT refunds less than budgeted for due to unspent grants
E05	<b>Suppliers and employees</b> - The municipality paid less than expected due to unspent grants and delays in procurement processes.
E06	<b>Finance Costs</b> - Not budgeted for.
E07	<b>Transfers and Grants</b> - The actual expenditure was less than anticipated due to unspent grants and halting of procurement processes by NT.
E08	<b>Purchase of property plant and equipment</b> - Underspending is mainly due to unspent grants and delays in procurement processes.
E09	<b>Proceeds from sale of Assets</b> - The municipality did not anticipate the sale of asset during the budgeting period.
E10	<b>Loans</b> - Finance leases liability was not budgeted for as it was uncertain whether the machines hired will qualify as a finance lease at the time of budgeting.

#### EXPLANATIONS FOR MATERIAL BUDGET ADJUSTMENTS

C03	The Interest received was adjusted downwards by R16 000 000.00 due to underperformance at mid-term resulting from the withholding of all our grants by the National Treasury.
C04	Operational revenue was adjusted downwards on VAT income by R74 700 000.00 due of under performance at mid-term. VAT Income the was expected to be earned upon the spending of conditional grants was negatively affected by the withholding of grants. Income from Old debtors was also adjusted downwards by R90 000 000.00 because of slow performance on the collection of old debt.
C05	Transfers and Subsidies were adjusted downwards by a net amount of R181 857 457 being a reduction of MIG R188 000 000 , reduction of RBIG by R50 000 000.00 due of non-performance resulting from the withholding of grants and an increase of R56 142 543.00 for the approved rollover of Human Settlements grant .
C08	The depreciation budget was adjusted downwards by R23 510 500.00 as the municipality had to cut its expenditure downwards because of reduction of own revenue and with holding of all grants by the National Treasury.
C09	The impairment loss budget was adjusted downwards by R20 000 000.00 as the municipality had to cut its expenditure downwards because of reduction of own revenue and with holding of all grants.
C12	Contracted Services were adjusted downwards by R42 464 264.00 due to under collection of outstanding debtors at mid-term and the withholding of all grants by the National Treasury.
C13	Transfers and subsidies were adjusted downwards by R38 140 539.00 because the municipality underperformed in its revenue collection at mid term and the withholding of all grants by the National Treasury had a negative impact.
C14	Inventory Consumed were adjusted downwards by R25 000 000.00 on because the municipality underperformed in its revenue collection at mid term and the withholding of all grants by the National Treasury had a negative impact.

# OR Tambo District Municipality

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## Accounting Policies

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### 1. Presentation of consolidated annual financial statements

The consolidated annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), as approved by the Minister of finance, including any interpretations, guidelines and directives issued by the Accounting Standard Board and the Municipal Finance Management Act (Act 56 of 2003).

The consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except where indicated otherwise. They are presented in South African Rand.

#### 1.1 Changes in Accounting policy and comparability

Accounting policies have been consistently applied unless it has been indicated otherwise.

For the years ended 30 June 2022 and 30 June 2021 the municipality adopted the framework as set out in paragraph 1 above. The details of any resulting changes in Accounting policy and comparative restatements are set out below and in the relevant notes to the consolidated annual financial statements.

Where a standard of GRAP is approved and effective, it replaces the equivalent of International Public sector accounting Standard, International Financial Reporting Standards or SA Generally accepted Accounting Practice. Where a standard of GRAP has been issued but is not yet effective, the municipality may select to apply the principles established in that standard in developing appropriate Accounting Policies, Changes in Accounting

#### 1.2 Critical Judgement, Estimates and Assumptions

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

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

The following are the critical judgments and estimates that the 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 consolidated annual financial statements:

##### Revenue Recognition

Accounting policy 1.15 on revenue from exchange transactions and Accounting policy 1.15 on revenue from non-exchange transactions describes the conditions under which revenue will be recorded by the management of the municipality.

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

##### Financial Assets and liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement. Accounting Policy 1.13 on Financial Assets Classification and Accounting Policy 1.13 on Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of Financial Assets and Liabilities.

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).

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#### **1.2 Critical Judgement, Estimates and Assumptions (continued)**

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

Accounting policy 1.12 on Impairment of financial assets describes the process followed to determine the value at which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment 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. The management of the municipality is satisfied that impairment of Financial assets recorded during the year is appropriate

##### **Impairment of Trade receivables:**

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

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 and 4 to the Consolidated Annual Financial Statement.

##### **Fair Value Estimations**

As described in Accounting policy 1.11 the municipality subsequently measures its Biological assets in terms of the fair value model.

The valuation of assets are based on management's estimation. Management considered the impact of valuation techniques and market information in order to determine the valuations, and more specific as follows:

##### **Biological Assets**

The fair value less estimated point-of-sale costs used to value Biological assets requires management to make certain assumptions which are subject to change. The current assumptions are as follows:

- Cattle are valued at the prevailing market rates, as determined by breed, genetic, merit and age , less point-of-sale costs.
- Fruit trees, harvest and vegetables are valued by way of arms' length transaction that would have been applied / prevailing in replacing the existing fruit trees, harvest and vegetables with new fruit trees, harvest and vegetables.

##### **Useful lives of Property, Plant and Equipment and Intangible assets**

As described in Accounting policies 1.8.3 and 1.9.1, the municipality depreciates its Property, Plant and Equipment (excluding land) and amortises its Intangible assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of the 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 the 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.

##### **Impairment: Write-down of Property, Plant and Equipment, Intangible Assets**

Accounting policy 1.12 on impairment of assets, Accounting policy 1.9.1 on Intangible assets - Subsequent measurement, amortisation and impairment and Accounting policy 1.14 on inventory - Subsequent measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible assets.

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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 Non-cash generating assets) and GRAP 26 (Impairment of Cash generating assets).

Estimated impairments during the year to Inventory, Property, Plant and Equipment Intangible assets and Heritage assets are disclosed in notes 2, 8, 9 and 10 to the Consolidated Annual Financial statement if applicable.

#### **Water Inventory**

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

#### **Defined Benefit Plan liabilities**

As described in Accounting Policy 1.17 employee benefits - Post-employment benefits 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 requirement of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant notes to the consolidated annual financial statements.

#### **Provisions and Contingent liabilities**

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

#### **Budget Information**

Deviations between the budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the notes to the consolidated annual financial statements.

#### **1.3 Presentation currency**

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

#### **1.4 Going concern assumption**

Notwithstanding the unfavourable current ratio of the municipality for both current and the prior year, these consolidated annual financial statements have been prepared on a going concern basis due to the legislative nature of the municipality.

#### **1.5 Offsetting**

Assets, Liabilities Revenues and Expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

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

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

- GRAP 25 - Employee Benefits (Amendments)
- GRAP 103 - Heritage Assets (Amendments)
- GRAP 104 - Financial Instruments (Amendments)

The ASB Directive 5, paragraph 30, 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

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#### **1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective (Continued)**

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the municipality may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

#### **1.7 Net Assets**

Included in the Net assets of the municipality are the following reserves that are maintained in terms of specific requirements:

- Accumulated Surplus
- Revaluation Surplus

#### **1.8 Property, plant and equipment**

##### **1.8.1 Initial recognition**

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

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

Property, plant and equipment is initially recognised at cost on its acquisition date or in the case of assets acquired by donations, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

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

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#### 1.8.2 Subsequent Measurement

##### Property, Plant and Equipment, excluding Buildings and Land

All property plant and equipment are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses. Subsequent expenditure relating to the property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

##### Land and Buildings

Land and Buildings are revalued on five year intervals and carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be credited directly to a revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

#### 1.8.3 Depreciation

Depreciation on assets other than land is calculated on cost using the straight-line method, to allocate their cost amounts 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 significant in relation to the cost item is depreciated separately.

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
Buildings - Improvements	Straight line	10 - 80 years
Plant and machinery	Straight line	2 - 20 years
Furniture and fittings	Straight line	5 - 20 years
Transport Assets	Straight line	5 - 15 years
Office equipment	Straight line	5 - 20 years
IT equipment - Computer Equipment	Straight line	1 - 5 years
Infrastructure		
□ Roads and Paving	Straight line	5 - 67 years
□ Sewerage	Straight line	5 -100 years
□ Storm Water	Straight line	7 -100 years
□ Water	Straight line	5 - 76 years
Emergency equipment	Straight line	5 - 10 years
Specialist Vehicles	Straight line	10 - 15 years
Bins and Containers	Straight line	5 years

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The asset's residual values, estimated useful lives and depreciation methods are reviewed annually and adjusted prospectively, if appropriate, at each reporting date. Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectation differ from the previous estimate.

#### 1.8.4 Land

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

#### 1.8.5 Infrastructure

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

#### 1.8.6 Incomplete Construction Work

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

#### 1.8.7 Leased assets

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

#### 1.8.8 Derecognition

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. The gain or loss arising from derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

#### Gains are classified as revenue.

Gains or losses are calculated as difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposal and are included in the Statement of Financial Performance as gain or loss on disposal of property, plant and equipment. Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

#### 1.9 Intangible assets

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is possible that the expected future economic benefits or service potential that attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably. Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of the new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the asset so that it will be available for use.
- management intends to complete the intangible asset and use or sell it
- there is an ability to use or sell the intangible asset.
- it can be demonstrated how the intangible asset will generate probable future economic benefits.
- adequate technical, financial and other resources to complete the development and use or sell the intangible asset are available; and
- the expenditure attributable to the asset during its development can be measured reliably.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 and GRAP 26

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Intangible assets are initially recognised at cost. The cost of an intangible asset is purchase price and other costs attributed to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at not cost, or for a nominal cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. The cost of an intangible asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could be measured at its value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

#### 1.9.1 Subsequent Measurement, Amortisation and Impairment

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

In terms of GRAP 31, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives. The residual value of intangible assets with finite lives is zero, unless an active market exists. Where intangible assets are deemed to have indefinite useful lives, such intangible assets are not amortised, however, such intangible assets are subject to an annual impairment test. Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

Item	Depreciation method	Average
Computer software	Straight line	4 -10 years

Intangible assets are annually tested for impairment as described in Accounting Policy 1.12 on Impairment of assets, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable service amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

#### 1.9.2 Derecognition

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

#### 1.10 Heritage assets

A Heritage Asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations. Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.



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#### **1.10.1 Initial Recognition.**

The cost of an item of Heritage Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably. Heritage Assets are initially recognised at cost on its acquisition date or in the case of assets acquired by donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Heritage Assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located. Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Heritage Assets acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and nonmonetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

#### **1.10.2 Subsequent Measurement**

All Heritage Assets are subsequently measured at cost, less accumulated impairment losses. Subsequent expenditure relating to Heritage Assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

#### **1.10.3 Derecognition**

The carrying amount of an item of Heritage Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Heritage Assets is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Heritage Assets.

#### **1.11 Biological assets that form part of an agricultural activity**

A Biological Asset is defined as a living animal or plant. Agricultural Produce is the harvested product of the municipality's Biological Assets.

##### **1.11.1 Initial Recognition**

The cost of an item of Biological Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably. Biological Assets are initially recognised at fair value less cost to sell on its acquisition date. The fair value of an item of Biological Assets is the transaction price or the market price.

Agricultural Produce is initially recognised at fair value less costs to sell at the date of the harvest. The municipality applies the measurement methods as described in Accounting Policy 1.14 on Inventories.

##### **1.11.2 Subsequent Measurement**

Subsequently all Biological Assets are measured at fair value less cost to sell on the reporting date. The fair value of an item of Biological Assets is the transaction price or the market price.

A gain or loss arising from the initial recognition of an item of Biological Assets at fair value less cost to sell and from a change in fair value at the reporting date shall be recognised in the Statement of Financial Performance.

A gain or loss arising from the initial recognition of an item of Agricultural Harvest at fair value less estimate point of sale cost at the date of the harvest shall be recognised in the Statement of Financial Performance.

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#### **1.11.3 Derecognition**

The carrying amount of an item of Biological Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Biological Assets is included in the Statement of Financial Performance when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (at fair value) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Biological Assets.

#### **1.12 Impairment of Assets**

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets. No assets are currently classified as cash generating assets.

##### **1.12.1 Impairment of cash generating assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

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.

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

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

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase and would be credited directly against the Revaluation Surplus to the extent of any previous impairments recognised against said reserve in respect of that asset.

##### **1.12.2 Impairment of Non-Cash Generating Assets**

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

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

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

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An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset. An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

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

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

#### 1.13 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

Financial Assets and Financial Liabilities are recognised on the municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument. The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### Amortised Cost

Amortised Cost is the amount at which the Financial Asset or Financial Liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the Effective Interest Rate Method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

##### Financial Assets - Classification

A Financial Asset is any asset that is a cash, a contractual right to receive cash or another financial asset from another entity. In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard: Financial Assets measured at Amortised Cost are non-derivative Financial Assets with fixed or determinable payments that are not quoted in an active market. They are included in Current Assets, except for maturities greater than 12 months, which are classified as Non-current Assets. Financial Assets at Amortised Cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. After initial recognition, Financial Assets are measured at amortised cost, using the Effective Interest Rate Method less a provision for impairment.

Financial Assets measured at Fair Value are financial assets that meet either of the following conditions:

- (i) Derivatives;
- (ii) Combined instruments that are designated at fair value;
- (iii) Instruments held for trading;
- (iv) Non-derivative Financial Instruments with fixed or determinable payments that are designated at fair value at initial recognition; or
- (v) Financial Instruments that do not meet the definition of Financial Instruments at Amortised Cost or Financial Instruments at Cost.

Financial Assets measured at Cost are investments in residual Interest that do not have a quoted market price in an active market and whose fair value cannot be reliably measured

##### Classification

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:

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### Accounting Policies

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#### 1.13 Financial instruments (continued)

##### Type of Financial Asset

Receivables from Exchange Transactions

Receivables from Non-exchange Transactions

Bank, Cash and Cash Equivalents - Call Deposits

Bank, Cash and Cash Equivalents - Bank

Bank, Cash and Cash Equivalents - Cash

##### Classification in terms of GRAP 104

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Cash includes cash-on-hand and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which 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 and deposits held on call with banks, net of bank overdrafts. The municipality categorises Cash and Cash Equivalents as Financial Assets at Amortised Cost.

##### Financial Liabilities

A Financial Liability is a contractual obligation to deliver cash or another Financial Assets to another entity.

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

(i) Financial Liabilities measured at amortised cost

(ii) Financial Liabilities measured at cost

The municipality has the following types of Financial Liabilities as reflected on the face of the Statement of Financial Position or in the Notes thereto:

##### Type of Financial Liability

Long-term Liabilities

Payables from Exchange Transactions

Payables from Non-exchange Transactions

Current Portion of Long-term Liabilities

Consumer Deposits

##### Classification in terms of GRAP 104

Financial liability measured at amortised cost

Financial liability measured at amortised cost

Financial liability measured at amortised cost

Financial liability measured at amortised cost

Financial liability measured at amortised cost

Financial Liabilities that are measured at Fair Value are Financial Liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of Financial Instruments where there is recent actual evidence of short-term profiteering or are derivatives).

#### Initial and Subsequent Measurement

##### Financial Assets

##### Financial assets measured at Amortised cost

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

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as Financial Assets at Amortised Cost

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#### 1.13 Financial instruments (continued)

##### Financial Liabilities held at Amortised Cost

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

Prepayments are carried at cost less any accumulated impairment losses.

##### Impairment Financial assets

Financial Assets, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

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

##### Financial assets measured at cost:

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

##### Derecognition of Financial Assets

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

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

##### Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire. The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

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#### **1.14 Inventories**

##### Initial Recognition

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

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired. Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

##### **Subsequent Measurement**

##### -Consumable Stores, Raw Materials, Work-in-Progress and Finished goods.

Consumable stores, raw materials, work-in-progress, inventories distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale on Inventory in the ordinary course of business). The cost is determined using the First-in-First-out Method for cost of commodities.

##### -Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position. The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates. Water and purified effluent are valued by using the First-in-First-out Method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

##### -Other Inventories

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. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. 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.

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### **Accounting Policies**

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#### **1.15 Revenue Recognition**

##### General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below, except when specifically stated otherwise. 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. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

##### **Service Charges**

##### Service Charges are levied in terms of approved tariffs.

Service Charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. 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 it 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 sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied based on the extent of each property. In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

##### Rentals Received

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

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#### Finance Income

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

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

□ Interest earned on unutilised Conditional Grants is allocated directly to the Creditor: Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

#### Tariff charges

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

#### Revenue from Agency Services

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

#### Sale of Goods (including Houses)

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

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

#### Revenue from Non-exchange Transactions

An inflow of resources from a Non-exchange Transaction, that meets the definition of an asset shall be 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 shall be 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 will be 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.

#### 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 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.



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### Accounting Policies

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#### 1.15 Revenue Recognition (continued)

##### 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 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.

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.

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

Revenue 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.

##### 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.

#### 1.16 Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

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

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#### 1.17 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 as an 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 a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

##### Post-employment 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

A Defined Contribution Plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

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.

##### 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 annually by independent qualified actuaries.

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

Past-service costs are recognised immediately in the Statement of Financial Performance.

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### Accounting Policies

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#### 1.17 Employee benefits (continued)

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

#### Long-service Allowance

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

#### Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

#### Defined Benefit Pension Plans

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

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

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance. Past-service costs are recognised immediately in the Statement of Financial Performance.

NB: The municipality currently does not have any employees that fall under Defined Benefit Pension Plan

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### Accounting Policies

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#### 1.18 Leases

##### Classification

Leases are classified as Finance Leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as Operating Leases.

##### The Municipality as lessee

##### Finance leases

Where the municipality enters into a finance lease, property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset, plus any direct costs incurred. Lease payments are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method . Finance costs are expensed when incurred.

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

##### Operating leases

The municipality recognises operating lease rentals 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.

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.

##### 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.

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#### **1.19 Grants-In-Aid**

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

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

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

#### **1.20 Value Added Tax**

##### Value Added Tax assets and liabilities

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

#### **1.21 Unauthorised expenditure**

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

#### **1.22 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 economic entity'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.

#### **1.23 Fruitless and wasteful expenditure**

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.24 Material Losses**

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

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#### **1.25 Prior period errors, Changes in accounting policies and estimates**

Correction of prior period errors are applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of correction of prior period errors are disclosed in the Notes to the consolidated annual financial statements where applicable.

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of changes in accounting policies are disclosed in the Notes to the consolidated annual financial statements where applicable.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the consolidated annual financial statements where applicable.

#### **1.26 Treatment of Administration and Overhead expenses**

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

#### **1.27 Contingent Assets and Contingent Liabilities**

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or nonoccurrence of one or more uncertain future events not wholly 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 nonoccurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the consolidated annual financial statements.

#### **1.28 Commitments**

Commitments are future expenditure to which the municipality 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.

Commitments are disclosed for:

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

## OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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#### 1.29 Related parties

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

#### 1.30 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the consolidated annual financial statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the consolidated annual financial statements.

##### Adjusting Events

The municipality shall adjust the amounts recognised in its financial statements to reflect the following adjusting events after the reporting date:

- The settlement after the reporting date of a court case that confirms that the municipality had a present obligation at the reporting date
- The receipt of information after the reporting date indicating that an asset was impaired at the reporting date, or that the amount of a previously recognised impairment loss for that asset needs to be adjusted
- The determination after the reporting date of the cost of assets purchased, or the proceeds from assets sold, before the reporting date
- The determination after the reporting date of the amount of revenue collected during the reporting period to be shared with another entity under a revenue sharing agreement in place during the reporting period.
- The determination after the reporting date of the amount of bonus, incentive and performance related payments to be made to staff if the entity had a present legal or constructive obligation at the reporting date to make such payments as a result of events before that date
- The discovery of fraud or errors that show that the financial statements are incorrect.

##### Non-Adjusting Events

An entity shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

- Where an entity has adopted a policy of regularly revaluing property to fair value, a decline in the fair value of property between the reporting date and the date when the financial statements are authorised for issue.
- Where an entity charged with operating particular community service programmes decides after the reporting date, but before the financial statements are authorised, to provide or distribute additional benefits directly or indirectly to participants in those programmes.

#### 1.31 Comparative figures

##### Current Year Comparatives

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the consolidated annual financial statements.

##### Prior Year Comparatives

When the presentation or classification of items in the consolidated annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

## OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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#### 1.31 Comparative figures (Continued)

##### Budget Information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these consolidated annual financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the consolidated annual financial statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2021 to 30 June 2022.

#### 1.32 Statutory Receivables

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

##### Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23; or
- if the definition of an asset is met

##### Measurement

Statutory receivables are measured initially at their transaction amount, using the prescripts of legislation, regulations or an equivalent. The transaction amount is adjusted in subsequent reporting periods to accrue for any interest or other charges that an entity levies (if required or permitted to do so in legislation or similar means) and, to account for any impairment losses or any amounts derecognised.

##### Subsequent measurement

Subsequent to initial recognition statutory receivables are measured using the cost method. Initial measurement of the receivable is changed to reflect any: interest or other charges that may have accrued on the receivable, impairment losses and amounts derecognised.

##### Derecognition

Municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
  - derecognises the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

#### 1.33 Principal and Agents Related transactions

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

##### Recognising revenue and expenses as a principal or an agent

When the municipality determines that it is a principal in accordance with GRAP 109, it shall account for revenue and expenses arising from the transactions with third parties in its statement of financial performance. When it determines that it is an agent, it recognises the revenue and expenses associated with undertaking the transactions on behalf of the principal.



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### Accounting Policies

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#### 1.33 Principal and Agents Related transactions (Continued)

##### Recognising assets and liabilities as a principal or an agent

Whether the municipality is a principal or an agent, it applies the principles in the applicable Standards of GRAP in recognising assets and liabilities arising from a principal-agent arrangement.

#### 1.34 Construction Contracts

A contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

##### Recognition of contract revenue and expenses

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date.

In the case of a fixed price contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- total contract revenue, if any, can be measured reliably;
- it is probable that the economic benefits or service potential associated with the contract will flow to the entity;
- both the contract costs to complete the contract and the stage of contract completion at the reporting date can be measured reliably; and
- the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

In the case of a cost plus or cost based contract, the outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- it is probable that the economic benefits or service potential associated with the contract will flow to the entity; and
- the contract costs attributable to the contract, whether or not specifically reimbursable, can be clearly identified and measured reliably.

Contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date.

#### 1.35 Segment Reporting

##### Recognition

A segment is an activity of the municipality:

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

Two or more segments may be aggregated into a single segment if aggregation is consistent with the objective of this Standard and the segments have similar economic characteristics, and the segments share a majority of the following:

- (a) the nature of the goods and/or services delivered;
- (b) the type or class of customer or consumer to which goods and services are delivered;
- (c) the methods used to distribute the goods or provide the services; or
- (d) if applicable, the nature of the regulatory environment that applies to the segment

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### Accounting Policies

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#### 1.35 Segment Reporting (Continued)

##### Measurement

The amount of each segment item reported shall be the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance.

#### 1.36 Separate Financial Statements

Separate financial statements are those presented by an entity, in which the entity could elect, subject to the requirements in this Standard, to account for its investments in controlled entities, joint ventures and associates either at cost, in accordance with the Standard of GRAP on Financial Instruments (GRAP 104) or using the equity method as described in the Standard of GRAP on Investments in Associates and Joint Ventures (GRAP 36).

OR Tambo DM, which is a controlling entity for Ntinga OR Tambo Development Agency shall present consolidated financial statements, except when all the following conditions are met:

- OR Tambo DM is itself a controlled entity
- its debt or equity instruments are not traded in a public market
- it did not file, nor is it in the process of filing, its financial statements with a securities commission
- its ultimate or any intermediate controlling entity produces financial statements

#### 1.37 Consolidated Financial Statements

OR Tambo DM is a controlling entity that fully owns Ntinga Development Agency and shall present consolidated financial statements. OR Tambo DM does not need to present consolidated financial statements when it meets all the following conditions:

- it is itself a controlled entity and the information needs of users are met by its controlling entity's consolidated financial statements, and, in the case of a partially owned controlled entity, all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the entity not presenting consolidated financial statements;
- its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
- its ultimate or any intermediate controlling entity produces financial statements that are available for public use and comply with the Standards of GRAP, in which controlled entities are consolidated or are measured at fair value in accordance with this Standard.

## OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2022

### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>2. Inventories</b>				
Consumable stores	11,593,085	12,196,243	11,468,750	12,133,876
Water	122,452	144,861	122,452	144,861
Livestock	3,816,400	3,665,281	-	-
Merchandise (Meat)	113,878	3,808	-	-
Crops	160,702	328,586	-	-
	<u>15,806,517</u>	<u>16,338,779</u>	<u>11,591,202</u>	<u>12,278,737</u>
<b>Movement in water inventory</b>				
Opening Balance	144,861	188,912	144,861	188,912
Bulk Purchases	41,024,977	42,342,252	41,024,977	42,342,252
Less: Water Sales (See note 35)	(15,542,254)	(17,193,954)	(15,542,254)	(17,193,954)
Less: Free Basic Services (See note 34)	(14,065,466)	(12,705,352)	(14,065,466)	(12,705,352)
	11,562,118	12,631,858	11,562,118	12,631,858
Less: Water Losses (See note 36)	(11,439,667)	(12,486,997)	(11,439,667)	(12,486,997)
	<u>122,452</u>	<u>144,861</u>	<u>122,452</u>	<u>144,861</u>
<u>Water and Consumable stores</u>				
Water Inventory is held for sale and consumables are held for own use and measured at the lower of the cost and net value. No write downs of inventory to Net Realisable Value were required. Inventory expensed during the year amounted to R15 542 254 (2021: R17 193 958). The cost of water production for the year amounted to R1.51 per kilolitre (2021: R1.67 per Kilolitre) and the closing water inventory at year-end was 81 094 kilolitres. No inventories have been pledged as collateral for liabilities of the municipality.				
<b>3. Receivables from exchange transactions</b>				
<b>3.1 Gross balances - Service debtors</b>				
Water	421,897,065	383,896,363	421,897,065	383,896,363
Sewerage	104,486,290	92,724,016	104,486,290	92,724,016
Other Receivables	168,469,733	145,318,495	168,469,733	147,622,578
Credit sales of goods and rentals	527,557	572,075	-	-
	<u>695,380,645</u>	<u>622,510,949</u>	<u>694,853,088</u>	<u>624,242,957</u>
<b>Less: Allowance for impairment</b>				
Water	(313,675,212)	(272,071,784)	(313,675,212)	(272,071,784)
Sewerage	(75,896,381)	(65,071,956)	(75,896,381)	(65,071,956)
Other receivables	(151,234,097)	(126,480,963)	(151,234,097)	(126,480,963)
Credit sales of goods and rentals	(418,671)	(502,133)	-	-
	<u>(541,224,361)</u>	<u>(464,126,836)</u>	<u>(540,805,690)</u>	<u>(463,624,703)</u>
<b>Net balance</b>				
Water	108,221,853	111,824,579	108,221,853	111,824,579
Sewerage	28,589,909	27,652,060	28,589,909	27,652,060
Other Receivables	17,235,636	18,837,532	17,235,636	21,141,615
Credit sales of goods and rentals	108,886	69,942	-	-
	<u>154,156,284</u>	<u>158,384,113</u>	<u>154,047,398</u>	<u>160,618,254</u>
<b>3.2 Gross balances - Other debtors</b>				
Sundry debtors	4,726,773	-	4,726,773	-
	<u>4,726,773</u>	<u>-</u>	<u>4,726,773</u>	<u>-</u>
<b>Net Receivables from exchange transactions</b>	<u>158,883,057</u>	<u>158,384,113</u>	<u>158,774,171</u>	<u>160,618,254</u>

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>3. Receivables from exchange transactions (Continued)</b>				
<b>Water</b>				
Current (0-30 days)	34,508,963	41,834,300	34,508,963	41,834,300
31 - 60 days	14,558,069	12,185,994	14,558,069	12,185,994
61 - 90 days	11,452,518	26,618,178	11,452,518	26,618,178
+90 days	361,377,515	303,257,891	361,377,515	303,257,891
	<b>421,897,064</b>	<b>383,896,364</b>	<b>421,897,064</b>	<b>383,896,364</b>
Less: Allowance for impairment	(313,675,212)	(272,071,784)	(313,675,212)	(272,071,784)
	<b>108,221,852</b>	<b>111,824,580</b>	<b>108,221,852</b>	<b>111,824,580</b>
<b>Sewerage</b>				
Current (0-30 days)	10,138,951	9,014,365	10,138,951	9,014,365
31 - 60 days	3,656,750	3,103,988	3,656,750	3,103,988
61 - 90 days	3,082,060	2,722,615	3,082,060	2,722,615
+90 days	87,608,529	77,883,048	87,608,529	77,883,048
	<b>104,486,290</b>	<b>92,724,016</b>	<b>104,486,290</b>	<b>92,724,016</b>
Less: Allowance for impairment	(75,896,381)	(65,071,956)	(75,896,381)	(65,071,956)
	<b>28,589,909</b>	<b>27,652,060</b>	<b>28,589,909</b>	<b>27,652,060</b>
<b>Other Debtors</b>				
Current (0-30 days)	6,350,347	3,724,645	6,350,347	3,724,645
31 - 60 days	3,254,121	631,211	3,254,121	631,211
61 - 90 days	3,180,938	1,571,364	3,180,938	1,571,364
+90 days	155,684,327	139,391,275	155,684,327	141,695,358
	<b>168,469,733</b>	<b>145,318,495</b>	<b>168,469,733</b>	<b>147,622,578</b>
Less: Allowance for impairment	(151,234,097)	(126,480,963)	(151,234,097)	(126,480,963)
	<b>17,235,636</b>	<b>18,837,532</b>	<b>17,235,636</b>	<b>21,141,615</b>
<b>Credit sales of goods and rentals</b>				
Current (0-30 days)	105,562	37,914	-	-
31 - 60 days	-	32,029	-	-
61 - 90 days	3,325	-	-	-
+90 days	418,670	502,132	-	-
	<b>527,557</b>	<b>572,075</b>	-	-
Less: Allowance for impairment	(418,671)	(502,133)	-	-
	<b>108,886</b>	<b>69,942</b>	-	-
<b>Summary of debtors by customer classification</b>				
<b>Consumers</b>				
Current (0-30 days)	14,022,019	14,804,120	14,022,019	14,804,120
31 - 60 days	7,257,124	7,952,944	7,257,124	7,952,944
61 - 90 days	6,817,003	15,221,954	6,817,003	15,221,954
+90 days	302,337,165	239,411,432	302,337,165	239,411,432
	<b>330,433,310</b>	<b>277,390,450</b>	<b>330,433,310</b>	<b>277,390,450</b>
Less: Allowance for impairment	(305,263,953)	(265,141,211)	(305,263,953)	(265,141,211)
	<b>25,169,357</b>	<b>12,249,239</b>	<b>25,169,357</b>	<b>12,249,239</b>

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>3. Receivables from exchange transactions (Continued)</b>				
<b>Industrial / Commercial</b>				
Current (0 -30 days)	8,485,694	8,137,952	8,380,132	8,100,039
31 - 60 days	3,017,670	2,558,343	3,017,670	2,526,314
61 - 90 days	2,589,124	4,026,974	2,585,799	4,026,974
+90 days	85,319,883	70,715,194	84,901,212	70,213,062
	<b>99,412,371</b>	<b>85,438,463</b>	<b>98,884,814</b>	<b>84,866,388</b>
Less: Allowance for impairment	(84,726,311)	(72,504,663)	(84,307,640)	(72,002,530)
	<b>14,686,059</b>	<b>12,933,800</b>	<b>14,577,173</b>	<b>12,863,858</b>
<b>National and provincial government</b>				
Current (0 -30 days)	22,245,762	27,944,506	22,245,762	27,944,506
31 - 60 days	7,940,025	4,810,724	7,940,025	4,810,724
61 - 90 days	5,131,776	10,091,866	5,131,776	10,091,866
+90 days	61,747,666	71,516,445	61,747,666	71,516,445
	<b>97,065,230</b>	<b>114,363,541</b>	<b>97,065,230</b>	<b>114,363,541</b>
Less: Allowance for impairment	-	-	-	-
	<b>97,065,230</b>	<b>114,363,541</b>	<b>97,065,230</b>	<b>114,363,541</b>
<b>Other debtors</b>				
Current (0 -30 days)	6,350,347	3,724,645	6,350,347	3,724,645
31 - 60 days	3,254,121	631,211	3,254,121	631,211
61 - 90 days	3,180,938	1,571,364	3,180,938	1,571,364
+90 days	155,684,328	139,391,275	155,684,328	141,695,358
	<b>168,469,734</b>	<b>145,318,495</b>	<b>168,469,734</b>	<b>147,622,578</b>
Less: Allowance for impairment	(151,234,097)	(126,480,963)	(151,234,097)	(126,480,963)
	<b>17,235,636</b>	<b>18,837,533</b>	<b>17,235,636</b>	<b>21,141,616</b>
<b>Totals</b>				
Current (0 -30 days)	51,103,822	54,611,223	50,998,260	54,573,310
31 - 60 days	21,468,940	15,953,222	21,468,940	15,921,193
61 - 90 days	17,718,840	30,912,158	17,715,515	30,912,158
+90 days	605,089,044	521,034,346	604,670,373	522,836,297
	<b>695,380,645</b>	<b>622,510,949</b>	<b>694,853,088</b>	<b>624,242,957</b>
Less: Allowance for impairment	(541,224,362)	(464,126,836)	(540,805,691)	(463,624,703)
	<b>154,156,284</b>	<b>158,384,113</b>	<b>154,047,398</b>	<b>160,618,254</b>
<b>Impairment Totals</b>				
Current (0 -30 days)	(20,752,593)	(16,455,956)	(20,752,593)	(16,455,956)
31 - 60 days	(10,508,370)	(8,864,107)	(10,508,370)	(8,864,107)
61 - 90 days	(10,127,455)	(17,338,153)	(10,127,455)	(17,338,153)
+90 days	(499,835,944)	(421,468,621)	(499,417,273)	(420,966,488)
	<b>(541,224,362)</b>	<b>(464,126,836)</b>	<b>(540,805,691)</b>	<b>(463,624,703)</b>
<b>Reconciliation of allowance for impairment</b>				
Balance at beginning of the year	(464,126,836)	(444,431,174)	(463,624,703)	(444,004,980)
Contributions to allowance	(77,097,525)	(19,695,663)	(77,180,988)	(19,619,724)
	<b>(541,224,362)</b>	<b>(464,126,836)</b>	<b>(540,805,691)</b>	<b>(463,624,703)</b>

## OR Tambo District Municipality

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>4. Receivables from Non-exchange Transactions (Continued)</b>				
Staff Debtors	317,798	1,062,466	317,798	1,062,466
Sundry Debtors	8,910,110	2,715,485	1,068,250	1,518,015
Port Saint Johns Municipality	2,200,000	2,200,000	2,200,000	2,200,000
Other control accounts	1,199,163	1,199,163	1,199,163	1,199,163
Impairments	(11,241,023)	(3,399,163)	(3,399,163)	(3,399,163)
	<u><b>1,386,049</b></u>	<u><b>3,777,951</b></u>	<u><b>1,386,048</b></u>	<u><b>2,580,481</b></u>

#### Staff Debtors and Sundry debtors

Staff debtors mainly comprise of temporary advances made to employees and Sundry Debtors are in respect of suspense accounts not cleared at year end.

#### Port Saint Johns Municipality

Between 2008 and 2009 OR Tambo made payments amounting of R8 741 167.29 to Port St Johns municipality in a form of a loan. Due to continued cash flow problems at Port St Johns, its council offered a piece of land valued R8 800 000 to OR Tambo as a settlement of the loan and this piece of land was recognised and capitalised as investment property. The official transfer of ownership of the land did not occur and in 2010 Port St Johns municipality indicated that the size of the land offered was reduced to 3.5 hectares. Based on this OR Tambo reduced the land value initially capitalised to R2 200 000. Due to continued uncertainty regarding the transfer of land by Port St Johns and the low possibility of recovering the debt, in 2019/20 financial year the remaining balance was converted to back to a status of outstanding debt and the full amount was impaired.

The municipality does not hold deposits or other security for its Receivables. None of the Receivables have been pledged as security for the municipality's financial liabilities.

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

In determining the recoverability of Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

## OR Tambo District Municipality

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>5. Prepayments</b>				
Amatola Water - RBIG	-	42,209,912	-	42,209,912
Amatola Water - MIG	-	21,716,321	-	21,716,321
Other Prepayments	565,850	629,407	306,442	370,000
	<b>565,850</b>	<b>64,555,640</b>	<b>306,442</b>	<b>64,296,233</b>

The balance for prepayments in the 2020/21 financial year consists of RBIG and MIG grants paid to Amatola Water for implementation of Capital projects. The Other prepayments relate to vehicle maintenance contracts paid in advance when the vehicles were purchased.

### 6. Statutory Receivables

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means; and require settlement by another entity in cash or another financial asset. The municipality only had Value Added Tax (VAT) only that meets the definition of statutory receivables at year-end as it does not accrued or receive revenue from taxes, fines or penalties.

#### Value Added Tax (VAT)

VAT Output accrual	(219,477,604)	(213,172,499)	(219,477,604)	(213,172,499)
VAT Input accrual	258,652,891	243,216,313	258,652,891	243,216,313
Control account	20,791,424	8,002,532	20,791,424	8,002,532
VAT	<b>59,966,711</b>	<b>38,046,346</b>	<b>59,966,711</b>	<b>38,046,346</b>

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	67,054,932	106,360,689	64,371,366	104,935,271
Short-term deposits	321,660,429	294,344,794	319,429,991	292,467,783
Petty Cash Balances	12,918	6,896	-	-
	<b>388,728,279</b>	<b>400,712,379</b>	<b>383,801,357</b>	<b>397,403,054</b>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts Current Investment Deposits

Short-term deposits	<b>321,660,429</b>	<b>294,344,794</b>	<b>319,429,991</b>	<b>292,467,783</b>
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Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 3% to 4.10% (2021: 3% to 4.42%) per annum.

## OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

	Economic Entity	Controlling Entity
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Figures in Rand

#### 7. Cash and cash equivalents (Continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
<b>Controlling Entity</b>				
First National Bank - Current Account - 539 9013 7772	65,081,289	104,722,432	64,371,366	104,935,271
	<b>65,081,289</b>	<b>104,722,432</b>	<b>64,371,366</b>	<b>104,935,271</b>
		126,844,176		123,473,130
		<b>126,844,176</b>		<b>123,473,130</b>

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances. The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities. Other than conditional grant funds, no restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents. The municipality had the following call accounts:

Controlled Entity	Bank statement balances		Cash book balances	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
FNB - Primary Bank Account - 621 668 0472	2,585,870	1,333,926	2,636,219	1,338,883
FNB - Salaries Account - 6218 328 6890	47,347	86,535	47,347	86,535
	<b>2,633,217</b>	<b>1,420,461</b>	<b>2,683,566</b>	<b>1,425,418</b>
		<b>420,999</b>		<b>438,925</b>
Petty Cash Balances	-	-	12,918	6,896
		-	<b>12,918</b>	<b>6,896</b>
	<b>2,633,217</b>	<b>1,420,461</b>	<b>2,696,484</b>	<b>1,432,314</b>
		<b>420,999</b>		<b>457,990</b>



## OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2022

### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>7. Cash and cash equivalents (Continued)</b>				
<b>The Controlling Entity had the following call accounts</b>				
First National Bank - Revenue Call Account - 6202 957 0307				
First National Bank - MIG Call Account - 6206 284 3860				
First National Bank - Budget Call Account - 6203 169 4533				
First National Bank - DWAF Call Account - 6203 236 6149				
First National Bank - First Auto Call Account - 7402 959 4310				
First National Bank - Libraries Call Account - 6206 372 3136				
First National Bank - Comm NSTD Call Account - 6258 819 5612				
ABSA - Call Account - 207 9725 920				
ABSA - Call Account - 9353 1517 03				
Investec - Call Account - 110 0456 810 500				
Standard bank - Call Account - 548744068- 030				
Standard bank - Fixed Deposit Notice Account - 548744068- 032				
Nedbank - Call Account - 037 8810 502 33				
	<b>Bank statement balances</b>	<b>Bank statement balances</b>	<b>Cash book balances</b>	<b>Cash book balances</b>
	<b>30-Jun-22</b>	<b>30-Jun-21</b>	<b>30-Jun-22</b>	<b>30-Jun-21</b>
	189,729	38,375	189,729	38,375
	217,961,014	64,455,018	217,961,014	64,455,018
	2,034,565	2,434,511	2,034,565	2,434,511
	63,251,196	15,895,126	63,251,196	15,895,126
	112,496	109,605	112,496	109,605
	28,109,532	2,165	28,109,532	2,165
	6,091,061	303,417	6,091,061	303,417
	-	51,785,861	-	51,785,861
	199,855	189,447	199,855	189,447
	93,807	5,221,085	93,807	5,221,085
	1,094,191	50,632,666	1,094,191	50,632,666
	-	101,117,391	-	101,117,391
	292,545	283,116	292,545	283,116
	<b>319,429,991</b>	<b>292,467,783</b>	<b>319,429,991</b>	<b>292,467,783</b>

## OR Tambo District Municipality

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### Notes to the Consolidated Annual Financial Statements

	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>7. Cash and cash equivalents (Continued)</b>				
<b>The Controlled Entity had the following call accounts</b>				
FNB Account number - 62181670540 (Ntinga)	59,055	95,821	59,055	95,821
FNB Account number - 62185096122 (Umzimkantu Read Meat Abattoir)	495,489	230,249	495,489	230,249
FNB Account Number - 62887833153	1,045	1,010	1,045	1,010
FNB Call - 62508942407	98,625	95,441	98,625	95,441
FNB Call - 62578074149	224,999	112,414	224,999	112,414
FNB Call Account - 62785410293	2,838	3,873	2,838	3,873
FNB Call Account - 62773058849	94,524	91,383	94,524	91,383
FNB Account Number - 62875150600	849,324	613,729	849,324	613,729
FNB Call Account - 62771259671	177,973	227,597	177,973	227,597
FNB Call Account - 62766535622	226,566	405,494	226,566	405,494
	<b>2,230,438</b>	<b>1,877,011</b>	<b>2,230,438</b>	<b>1,877,011</b>

## OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2022

### Notes to the Consolidated Annual Financial Statements

Figures in Rand

#### 8. Property, plant and equipment

##### Economic Entity

Description	2022			2021		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	36,799,877	-	36,799,877	31,129,794	-	31,129,794
Furniture and fixtures	28,207,514	(20,093,067)	8,114,447	35,194,080	(24,843,400)	10,350,679
Transport Assets	53,408,763	(23,411,857)	29,996,906	92,303,283	(50,006,830)	42,296,453
IT equipment	5,438,641	(4,070,054)	1,368,587	9,445,183	(7,317,745)	2,127,438
Infrastructure	8,128,176,176	(3,309,623,128)	4,818,553,048	8,063,626,759	(3,105,612,234)	4,958,014,525
Buildings and Other assets	171,972,306	(76,980,831)	94,991,476	161,483,932	(63,814,877)	97,669,055
Infrastructure WIP	2,297,155,333	-	2,297,155,333	1,920,517,671	-	1,920,517,671
Leased Infrastructure	6,537,418	(3,113,911)	3,423,507	6,537,418	(1,059,807)	5,477,611
Machinery and Equipment	28,238,455	(18,732,271)	9,506,184	30,817,927	(17,715,955)	13,101,972
	<b>10,755,934,483</b>	<b>(3,456,025,118)</b>	<b>7,299,909,365</b>	<b>10,351,056,047</b>	<b>(3,270,370,849)</b>	<b>7,080,685,198</b>

#### Reconciliation of property, plant and equipment - 2022

Description	Opening balance	Additions	Revaluation	Disposals	Decommissions	Transfers	Impairment	Depreciation	Total
Land	31,129,794	-	7,489,083	-	-	-	(1,819,000)	-	36,799,877
Furniture and fixtures	10,350,679	609,153	-	(309,809)	-	-	-	(2,535,576)	8,114,447
Transport Assets	42,296,453	-	-	(3,629,443)	-	-	-	(8,670,104)	29,996,906
IT equipment	2,127,438	93,800	-	(72,862)	-	-	-	(779,790)	1,368,586
Infrastructure	4,958,014,525	-	-	-	(151,073)	81,799,231	(6,155,633)	(214,954,002)	4,818,553,048
Buildings and Other assets	97,669,055	-	10,488,374	-	-	-	(9,419,419)	(3,746,536)	94,991,475
Infrastructure WIP	1,920,517,670	458,436,894	-	-	-	(81,799,231)	-	-	2,297,155,333
Leased Infrastructure	5,477,611	-	-	-	-	-	-	(2,054,104)	3,423,507
Machinery and Equipment	13,101,972	56,823	-	(69,530)	-	-	-	(3,583,081)	9,506,184
	<b>7,080,685,198</b>	<b>459,196,670</b>	<b>17,977,458</b>	<b>(4,081,644)</b>	<b>(151,073)</b>	<b>-</b>	<b>(17,394,052)</b>	<b>(236,323,193)</b>	<b>7,299,909,364</b>

**OR Tambo District Municipality**

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Consolidated Annual Financial Statements for the year ended 30 June 2022

**Notes to the Consolidated Annual Financial Statements**

Figures in Rand

**8. Property, plant and equipment (Continued)**

**Reconciliation of property, plant and equipment - 2021**

Description	Opening balance	Additions	Disposals	Decommissions	Transfers	Impairment	Depreciation	Total
Land	31,129,794	-	-	-	-	-	-	31,129,794
Furniture and fixtures	9,492,577	4,575,158	(14,248)	-	-	-	(3,702,808)	10,350,679
Transport Assets	30,906,955	19,508,220	(50,616)	-	-	-	(8,068,106)	42,296,453
IT equipment	2,444,413	610,489	(36,620)	-	-	-	(890,844)	2,127,438
Infrastructure	5,052,994,669	-	-	(2,700,775)	130,234,788	(11,444,253)	(211,069,904)	4,958,014,525
Buildings and Other assets	105,710,018	49,080	-	-	-	-	(8,090,042)	97,669,055
Infrastructure WIP	1,510,495,175	540,257,283	-	-	(130,234,788)	-	-	1,920,517,670
Leased Infrastructure	-	6,162,312	-	-	-	-	(684,701)	5,477,611
Machinery and Equipment	16,954,806	77,100	(5,245)	-	-	-	(3,924,689)	13,101,972
	<b>6,760,128,406</b>	<b>571,239,643</b>	<b>(106,729)</b>	<b>(2,700,775)</b>	<b>-</b>	<b>(11,444,253)</b>	<b>(236,431,095)</b>	<b>7,080,685,198</b>

**Controlling Entity**

Description	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	13,798,000	-	13,798,000	8,127,917	-	8,127,917
Furniture and fixtures	25,717,210	(18,195,960)	7,521,250	32,736,090	(23,141,801)	9,594,289
Transport Assets	49,176,381	(20,271,956)	28,904,425	88,070,901	(47,469,862)	40,601,039
IT equipment	2,926,880	(2,505,748)	421,132	6,936,468	(6,033,456)	903,012
Infrastructure	8,128,176,176	(3,309,623,128)	4,818,553,048	8,063,626,759	(3,105,612,234)	4,958,014,525
Buildings and Other assets	149,007,981	(71,059,342)	77,948,639	138,519,607	(58,868,217)	79,651,390
Infrastructure WIP	2,297,155,333	-	2,297,155,333	1,920,517,671	-	1,920,517,671
Leased Infrastructure	6,537,418	(3,113,911)	3,423,507	6,537,418	(1,059,807)	5,477,611
Machinery and Equipment	4,981,995	(4,044,169)	937,826	7,561,467	(5,938,703)	1,622,764
	<b>10,677,477,374</b>	<b>(3,428,814,214)</b>	<b>7,248,663,160</b>	<b>10,272,634,298</b>	<b>(3,248,124,080)</b>	<b>7,024,510,218</b>

## OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2022

### Notes to the Consolidated Annual Financial Statements

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#### 8. Property, plant and equipment (Continued)

##### Reconciliation of property, plant and equipment - 2022

Description	Opening balance	Additions	Revaluation	Disposals	Decommissions	Transfers	Impairment	Depreciation	Total
Land	8,127,917	-	7,489,083	-	-	-	(1,819,000)	-	13,798,000
Furniture and fixtures	9,594,289	576,839	-	(309,809)	-	-	-	(2,340,069)	7,521,250
Transport Assets	40,601,039	-	-	(3,629,443)	-	-	-	(8,067,171)	28,904,425
IT equipment	903,012	-	-	(20,181)	-	-	-	(461,699)	421,132
Infrastructure	4,958,014,525	-	-	-	(151,073)	81,799,231	(6,155,633)	(214,954,002)	4,818,553,048
Buildings and Other assets	79,651,390	-	10,488,374	-	-	-	(9,419,419)	(2,771,707)	77,948,639
Infrastructure WIP	1,920,517,670	458,436,894	-	-	-	(81,799,231)	-	-	2,297,155,333
Leased Infrastructure	5,477,611	-	-	-	-	-	-	(2,054,104)	3,423,507
Machinery and Equipment	1,622,764	56,823	-	(69,530)	-	-	-	(672,231)	937,826
	<b>7,024,510,218</b>	<b>459,070,556</b>	<b>17,977,458</b>	<b>(4,028,963)</b>	<b>(151,073)</b>	<b>-</b>	<b>(17,394,052)</b>	<b>(231,320,984)</b>	<b>7,248,663,160</b>

##### Reconciliation of property, plant and equipment - 2021

Description	Opening balance	Additions	Disposals	Decommissions	Transfers	Impairment	Depreciation	Total
Land	8,127,917	-	-	-	-	-	-	8,127,917
Furniture and fixtures	8,601,492	4,498,059	-	-	-	-	(3,505,262)	9,594,289
Transport Assets	28,583,825	19,508,220	(50,616)	-	-	-	(7,440,390)	40,601,039
IT equipment	1,418,963	49,298	-	-	-	-	(565,249)	903,012
Infrastructure	5,052,994,669	-	-	(2,700,775)	130,234,788	(11,444,253)	(211,069,904)	4,958,014,525
Buildings and Other assets	86,727,271	-	-	-	-	-	(7,075,881)	79,651,390
Infrastructure WIP	1,510,495,175	540,257,283	-	-	(130,234,788)	-	-	1,920,517,670
Leased Infrastructure	-	6,162,312	-	-	-	-	(684,701)	5,477,611
Machinery and Equipment	2,553,660	-	-	-	-	-	(930,896)	1,622,764
	<b>6,699,502,972</b>	<b>570,475,173</b>	<b>(50,616)</b>	<b>(2,700,775)</b>	<b>-</b>	<b>(11,444,253)</b>	<b>(231,272,283)</b>	<b>7,024,510,218</b>

## OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2022

### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*

#### 8. Property, plant and equipment (continued)

##### Non-Current Assets held for sale

The following assets were held for sale at year end.

	Cost / Valuation	Accumulated Depreciation	Carrying value	Cost / Valuation	Accumulated Depreciation	Carrying value
Transport Assets	588,043	(529,238)	58,805	-	-	-
IT equipment	770,404	(578,976)	191,428	-	-	-
Machinery and Equipment	320,466	(288,330)	32,136	-	-	-
	<b>1,678,913</b>	<b>(1,396,544)</b>	<b>282,369</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### Assets pledged as security

The municipality did not pledge any of its assets as security.

##### Land and buildings carried at fair value

The municipality's Land and Buildings are accounted for according to the valuation model and are valued on five year intervals, the last valuation was carried out in 2021/22 financial year.

##### Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance under Contracted services

	2022	2021	2022	2021
Land and Buildings	2,931,158	3,389,982	2,931,158	3,389,982
Infrastructure - Sanitation	2,391,237	377,881	2,391,237	377,881
Infrastructure - Water	7,290,062	32,539,491	7,290,062	32,539,491
Other Assets	2,121,840	6,805,664	2,065,307	6,697,636
	<b>14,734,297</b>	<b>43,113,018</b>	<b>14,677,764</b>	<b>43,004,990</b>

Other movements of Property, Plant and Equipment are in respect of Work-in-Progress completed and transferred to Cost.

##### Work-in-progress

The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:

	2022	2021	2022	2021
Infrastructure - Sewerage	22,894,847	22,894,847	22,894,847	22,894,847
Infrastructure - Water	2,297,155,333	1,920,517,671	2,297,155,333	1,920,517,671
Buildings	-	-	-	-
	<b>2,320,050,180</b>	<b>1,943,412,518</b>	<b>2,320,050,180</b>	<b>1,943,412,518</b>

##### Delayed Projects

The following projects are experiencing significant delays.

##### Controlling Entity Projects

Project name	Service Provider	Project Type	Completion Date	Carrying Value	Reasons for delays
Port St Johns Regional Water Supply Scheme Phases Tyeks (Phase 6)		Water	23-Mar-22	11,975,715	The municipality had cash flow problems for a long period not paying their service providers due to internal issues that led to service providers suspending works on site.
Libode WWTW	Thubalam	Sewer	12-Feb-19	36,755,419	The municipality had cash flow problems for a long period not paying their service providers due to internal issues that led to service providers suspending works on site.
Ntsonyeni/Ngqongweni Regional Water Supply Scheme (Abstraction)	Magnacorp 485 cc T/A K2S Constr	water	2021/09/28	137,207,614	The contractor is behind the program after it has been affected by non payment issue from the side of the client, The contractor submitted termination letter with terms and conditions
Mqanduli Secondary Bulk Water Supply Phase 1 Contract 3B - Construction of 1ML and 500KL Concrete reservoir	Magnacorp 485 cc T/A K2S Construction Africa	Bulk Water Supply	2020/04/28	32,813,410	Contractor is busy with inlet chamber for both reservoirs and still needs to install the scour pipeline at the 500kl res.
Mqanduli Secondary Bulk Water Supply Phase 1 Contract 5 - Construction of 200KL and pipe line	Boboshe Trading JV Mkondwana	Bulk Water Supply	2020/07/16	14,840,851	Non performance and slow progress of main Contractor. Work currently being finished by a subcontractor. Completion date-31 August 2022
Mqanduli Secondary Bulk Water Scheme Contract 2	Gcinasonke	Bulk Water Supply		30,571,350	Delays on availability of water for testing
Mqanduli Secondary Bulk Water Scheme Contract 3A	Bitline	Bulk Water Supply	2020/11/05	33,886,905	Finding water source to abstract water for testing. Still waiting for the reservoir water tightness test and claim the remaining half of the retention amounting to

## OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2021

### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021	2022	2021
		Restated*		Restated*

#### 8. Property, plant and equipment (continued)

Project name			Completion stage	Carrying Value	Reasons for delays
Rosedale to Libode Regional Water Supply	Xesibe	Water	2020/08/07	43,918,356	The municipality had cash flow problems for a long period not paying their service providers due to internal issues that led to service providers suspending works on site.
Rosedale to Libode Regional Water Supply	Sohlangana	Water	2020/06/29	19,314,323	The project was terminated because the contractor under priced the project which resulted to cash flow problems and not able to complete the project
Lusikisiki Sewer and Sewage treatment plant phase 2A	Manco	Sanitation	2021/05/31	20,772,264	The municipality had cash flow problems for a long period not paying their service providers due to internal issues that led to service providers suspending works on site.
Lusikisiki Sewer and Sewage treatment plant phase 2B	Eyethu	Sanitation	2021/01/21	7,712,405	The municipality had cash flow problems for a long period not paying their service providers due to internal issues that led to service providers suspending works on site.

#### 9. Intangible Assets

##### Computer Software

Cost / Valuation	15,954,749	15,954,749	13,949,652	13,949,652
Accumulated depreciation and impairment	(15,098,343)	(14,511,709)	(13,313,606)	(12,990,134)
Carrying value	<u>856,406</u>	<u>1,443,040</u>	<u>636,046</u>	<u>959,518</u>

##### Reconciliation of intangible assets

Opening balance	939,570	1,965,371	959,518	1,985,319
Additions	-	(256,229)	-	-
Amortisation	(323,473)	(1,025,801)	(323,472)	(1,025,801)
	<u>616,097</u>	<u>683,341</u>	<u>636,046</u>	<u>959,518</u>

##### Other information

The amortisation expense has been included in the line item 'Depreciation and Amortisation' in the Statement of Financial Performance (see Note 30).

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. No restrictions apply to any of the Intangible Assets of the municipality.

##### 9.1 Significant Intangible assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 31, are the following:

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

##### 9.2 Intangible assets with Indefinite useful lives

The municipality amortises all its Intangible Assets and non of such assets are regarded as having indefinite useful lives. The useful lives of the Intangible Assets remain unchanged from the previous year.

##### 9.3 Impairment of Intangible assets

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

##### 9.4 Work-in-Progress

The municipality had no capital projects for Intangible Assets which were not completed at year-end.

##### 9.5 Delayed Projects

No projects that are currently in progress are experiencing significant delays.

#### 10. Heritage Assets

##### Economic Entity

Description	2022			2021		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Statues and Monuments	<u>247,025</u>	-	<u>247,025</u>	<u>247,025</u>	-	<u>247,025</u>

##### Controlling Entity

Description	2022			2021		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Statues and Monuments	<u>247,025</u>	-	<u>247,025</u>	<u>247,025</u>	-	<u>247,025</u>

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	2022	2021 Restated*	2022	2021 Restated*

#### 10. Heritage Assets (Continued)

##### Economic Entity

##### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Depreciation	Total
Statues and Monuments	247,025	-	-	247,025

##### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Depreciation	Total
Statues and Monuments	247,025	-	-	247,025

##### Controlling Entity

##### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Depreciation	Total
Statues and Monuments	247,025	-	-	247,025

##### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Depreciation	Total
Statues and Monuments	247,025	-	-	247,025

##### Impairment of Heritage Assets

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

##### Heritage Assets measured after recognition using the Revaluation Model

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

##### Work-in-Progress

The municipality had no capital projects for Heritage Assets which were not completed at year-end.

##### Delayed Projects

No projects that are currently in progress are experiencing significant delays

#### 11. Biological Assets

	Economic Entity		Controlling Entity	
	Fair Value - 2022		Fair Value - 2021	
	Cattle R	Cattle Qty	Cattle R	Cattle Qty
<b>Opening balance</b>	<b>13,173,660</b>	<b>1,636</b>	-	-
Acquisitions	218,347	7	-	-
Births	104,400	518	-	-
Deaths	(460,180)	(52)	-	-
Gains from change in fair value	5,612,332	-	-	-
Transfers to inventory	(3,816,400)	(368)	-	-
Disposals	(264,305)	(579)	-	-
<b>Closing Balance</b>	<b>14,567,854</b>	<b>1,162</b>	-	-
	Fair Value - 2021		Fair Value - 2021	
	Cattle R	Cattle Qty	Cattle R	Cattle Qty
<b>Opening balance</b>	<b>15,089,530</b>	<b>2,067</b>	-	-
Acquisitions	2,096,900	259	-	-
Births	95,400	477	-	-
Deaths	(477,300)	(55)	-	-
Gains from change in fair value	2,861,307	-	-	-
Transfers to inventory	(3,665,281)	(417)	-	-
Disposals	(2,826,896)	(695)	-	-
<b>Closing Balance</b>	<b>13,173,660</b>	<b>1,636</b>	-	-



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	2022	2021 Restated*	2022	2021 Restated*

#### 11. Biological Assets (Continued)

No title or other restrictions are placed on biological assets and no biological assets were pledged as security for liabilities. There are no commitments for the acquisition of biological assets.

Biological assets are located at Adam Kok Farms and Ikwezi Dairy Farm. The primary activities revolving around biological assets are livestock breeding and heifer exchange.

Financial risk is managed as follows:

- Livestock is insured.
- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring and reporting of quantities by Entity staff.
- A contract is entered into with a Veterinarian for medication and vaccination.
- Livestock is regularly vaccinated.

The effective date of the assessments and valuation was 30 June 2021. Valuations were performed by an independent professional veterinarian, Dr M.J. Guma, a registered veterinarian in terms of Veterinary and Para-Veterinary Professions Act No. 19 of 1982.

#### 12. Consumer deposits

Water	<u>3,312,153</u>	<u>3,694,728</u>	<u>3,312,153</u>	<u>3,694,728</u>
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Consumer Deposits are paid by consumers on application for new water connections. The deposits are repaid when the water connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid or accrued on Consumer Deposits held.

#### 13. Employee benefit liabilities

Long-term Service Liability	8,485,000	6,536,000	8,485,000	6,536,000
Post-retirement Medical Aid Benefits Liability	1,101,000	1,358,000	1,101,000	1,358,000
Staff leave Provision	96,990,220	97,857,179	91,328,752	93,069,172
	<u>106,576,220</u>	<u>105,751,179</u>	<u>100,914,752</u>	<u>100,963,172</u>

The movements in provisions are reconciled as follows:

##### Long-term Service

Balance at beginning of year	6,536,000	4,139,000	6,536,000	4,139,000
Transfer from non-current	8,485,000	6,536,000	8,485,000	6,536,000
Expenditure incurred	(6,580,000)	(5,030,000)	(6,580,000)	(5,030,000)
(Over) / Under-Provision	44,000	891,000	44,000	891,000
	<u>8,485,000</u>	<u>6,536,000</u>	<u>8,485,000</u>	<u>6,536,000</u>

##### Medical Aid

Balance at beginning of year	1,358,000	891,000	1,358,000	891,000
Transfer from non-current	1,101,000	1,358,000	1,101,000	1,358,000
Expenditure incurred	(1,439,000)	(957,000)	(1,439,000)	(957,000)
(Over) / Under-Provision	81,000	66,000	81,000	66,000
	<u>1,101,000</u>	<u>1,358,000</u>	<u>1,101,000</u>	<u>1,358,000</u>

##### Staff leave Provision

Balance at beginning of year	93,069,172	81,727,910	93,069,172	81,727,910
Contribution	4,024,667	21,803,261	4,024,667	21,803,261
Expenditure incurred	(5,765,087)	(10,461,999)	(5,765,087)	(10,461,999)
	<u>91,328,752</u>	<u>93,069,172</u>	<u>91,328,752</u>	<u>93,069,172</u>

##### Staff Leave

Staff Leave accrues to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe. The municipality did not default on any payment of its Creditors. No terms for payment have been renegotiated by the municipality.

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Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>14. Payables from exchange transactions</b>				
Trade payables	387,415,022	317,309,520	388,753,387	321,397,556
Payments received in advanced	18,037,449	14,073,377	18,037,449	14,073,377
Retentions	67,765,203	75,227,712	67,765,203	75,227,712
Staff bonus Provision	14,782,766	14,434,873	13,526,188	13,328,604
Other Creditors	5,494,573	3,591,329	177,744	177,744
	<u>493,495,013</u>	<u>424,636,811</u>	<u>488,259,971</u>	<u>424,204,993</u>

#### Staff Bonuses

Staff Bonuses accrue to the staff of the entity on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

#### 15. Payables from Non-exchange Transactions

Sundry Creditors	2,572,526	208,345,378	2,572,526	208,345,379
Provincial: EC Housing	38,571,916	54,292,765	38,571,916	54,292,765
Salaries control accounts	176,567	261,830	176,571	261,822
SURUDEC - Baziya Sustainable Village Project	446,974	446,974	-	-
	<u>41,767,983</u>	<u>263,346,947</u>	<u>41,321,013</u>	<u>262,899,966</u>

2021 Sundry Creditors included an amount of R204 million relating to Unspent grant for which the National Treasury had already issued a directive to the municipality to pay the amount back however the municipality negotiated to pay it in the following financial year (2021/22). No credit period exists for Payables from Non-exchange Transactions and no interest is charged on outstanding amounts.

#### 16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

National: WSIG Funds	38,521,735	42,805,609	38,521,735	42,805,609
National: RBIG Funds	24,235,517	36,288,140	24,235,517	36,288,140
National: MIG Funds	122,448,763	112,334,797	122,448,763	112,334,797
National: RAMS	3,024,000	22,000	3,024,000	22,000
Other Grant Providers	202,569	202,569	-	-
	<u>188,432,584</u>	<u>191,653,115</u>	<u>188,230,015</u>	<u>191,450,546</u>

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised. See Note 27 for the reconciliation of Grants from Government. The Unspent Grants are cash backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

#### 17. VAT Payable

SARS - VAT Payable	13,502,173	8,470,750	-	-
	<u>13,502,173</u>	<u>8,470,750</u>	<u>-</u>	<u>-</u>

#### 18. Current Portion of Finance Lease Liabilities

Capitalised Lease Liability - At amortised cost	4,186,634	6,734,751	4,119,353	6,370,517
Current Portion - Capitalised lease liability - At amortised cost	(2,481,182)	(2,548,117)	(2,413,901)	(2,251,164)
Total long term liabilities - at amortised cost using the effective interest rate method.	<u>1,705,452</u>	<u>4,186,634</u>	<u>1,705,452</u>	<u>4,119,353</u>

#### Future minimum lease payments of the finance lease

- within one year	2,481,182	2,548,117	2,413,901	2,251,164
- in second to fifth year inclusive	1,705,452	4,186,634	1,705,452	4,119,353
	<u>4,186,634</u>	<u>6,734,751</u>	<u>4,119,353</u>	<u>6,370,517</u>

#### Controlling Entity

##### The Municipality as Lessee:

Finance Leases relate to lease contract for office Equipment which started on 1 March 2021 when effective interest rate on Finance Leases was 7%. The municipality does not have an option to purchase the leased Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets. The municipality has a 36 months finance lease agreements with Bytes Document Automation (a division of Alltron and a distributor of Xerox) for the following significant classes of assets:

- Office Equipment - Multi-purpose Photocopiers

The average monthly instalment is R218 814.

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Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*

#### 18. Current Portion of Finance Lease Liabilities (Continued)

##### Controlling Entity

The minimum lease periods are 36 months and 24 months with the final lease payments made on 01/09/2022 and 10/01/2022 respectively. The capitalised lease liability consists of the following contracts:

Supplier	Description of the leased item	Effective	Escalation
Vodacom	ThinkPad Smart PC's	10%	0%
Vodacom	ThinkPad Smart PC's	7%	0%

#### 19. Employee benefit liabilities

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

##### Carrying value

Present value of the defined benefit obligation-wholly unfunded	111,907,000	107,466,861	111,907,000	107,466,861
Present value of the defined benefit obligation-partly or wholly funded	36,940,000	36,058,000	36,940,000	36,058,000
	<u>148,847,000</u>	<u>143,524,861</u>	<u>148,847,000</u>	<u>143,524,861</u>

##### Actuarial Gain / (Loss)

Health Care Benefits	16,784,000	1,566,000	16,784,000	1,566,000
Long Service Awards	(2,920,000)	(6,937,000)	(2,920,000)	(6,937,000)
	<u>13,864,000</u>	<u>(5,371,000)</u>	<u>13,864,000</u>	<u>(5,371,000)</u>

##### POST-RETIREMENT HEALTH CARE BENEFITS LIABILITY

Opening balance	107,466,861	88,881,861	107,466,861	88,881,861
Contributions by plan participants	5,879,139	19,542,000	5,879,139	19,542,000
Assumed in an entity combination	(1,439,000)	(957,000)	(1,439,000)	(957,000)
	<u>111,907,000</u>	<u>107,466,861</u>	<u>111,907,000</u>	<u>107,466,861</u>

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying 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 Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by ZAQ Consultants and Actuaries (2021: Alexander Forbs), 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

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service members (Employees)	664	681	664	681
In-service non-members (Employees)	407	470	407	470
Continuation members (Retirees, widowers and orphans)	11	20	11	20
	<u>1,082</u>	<u>1,171</u>	<u>1,082</u>	<u>1,171</u>

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

In-service members (Employees)	91,749,000	81,387,000	91,749,000	81,387,000
In-service non-members (Employees)	17,663,000	18,072,000	17,663,000	18,072,000
Continuation members (Retirees, widowers and orphans)	3,596,000	9,366,000	3,596,000	9,366,000
	<u>113,008,000</u>	<u>108,825,000</u>	<u>113,008,000</u>	<u>108,825,000</u>

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

- Bonitas
- Fedhealth
- Hosmed
- LA Health
- Medshield
- Samwumed
- GEMS
- Keyhealth

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Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>19. Employee benefit liabilities (Continued)</b>				
The Current-service Cost for the year ending 30 June 2022 is estimated to be R8 784 000, whereas the cost for the ensuing year is estimated to be R1 439 000 (30 June 2021: R8 266 000 and R957 000 respectively).				
Net expense recognised in the statement of financial performance				
Current service cost	8,784,000	8,266,000	8,784,000	8,266,000
Past service cost	108,825,000	89,772,861	108,825,000	89,772,861
Interest cost	13,622,000	13,309,000	13,622,000	13,309,000
Actuarial (gains) losses	(16,784,000)	(1,566,000)	(16,784,000)	(1,566,000)
Settlement	(1,439,000)	(957,000)	(1,439,000)	(957,000)
	<u>113,008,000</u>	<u>108,824,861</u>	<u>113,008,000</u>	<u>108,824,861</u>

#### Key assumptions used

##### Assumptions used at the reporting date:

Discount rates used	11.82%	13%	11.82%	13%
Medical cost trend rates	10.65%	9%	10.65%	9%
Proportion of employees opting for early retirement	2.26%	3%	2.26%	3%

##### Expected Retirement age

Expected Retirement Age - Males and Femal	65	63	65	63
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#### The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	<u>113,008,000</u>	<u>108,824,681</u>	<u>113,008,000</u>	<u>108,824,681</u>
Unfunded Accrued Liability	<u>113,008,000</u>	<u>108,824,681</u>	<u>113,008,000</u>	<u>108,824,681</u>
Total Benefit Liability	<u>113,008,000</u>	<u>108,824,681</u>	<u>113,008,000</u>	<u>108,824,681</u>

#### The amounts recognised in the Statement of Financial Performance are as follows:

Current Service Cost	8,784,000	8,266,000	8,784,000	8,266,000
Interest Cost	13,622,000	13,309,000	13,622,000	13,309,000
Actuarial Losses / (Gains)	(16,784,000)	(1,566,000)	(16,784,000)	(1,566,000)
	<u>5,622,000</u>	<u>20,009,000</u>	<u>5,622,000</u>	<u>20,009,000</u>

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

	One percentage point increase	One percentage point increase	One percentage point increase	One percentage point increase
<b>Increase: -</b>				
Effect on the aggregate of current service cost and the interest cost	18,226,000	18,226,000	18,226,000	18,226,000
Effect on defined benefit obligation	131,234,000	130,747,000	131,234,000	130,747,000
<b>Decrease: -</b>				
Effect on the aggregate of current service cost and the interest cost	(16,746,000)	(36,420,681)	(16,746,000)	(36,420,681)
Effect on defined benefit obligation	96,262,000	91,456,000	96,262,000	91,456,000

The municipality expects to make a contribution of R8 252 000 (2021: R8 784 000) to the Defined Benefit Plans during the next financial year.

#### LONG SERVICE AWARDS LIABILITY

Balance at the beginning of the year	36,058,000	30,057,000	36,058,000	30,057,000
Contributions to provision	7,462,000	11,031,000	7,462,000	11,031,000
Transfer to Current Provisions	(6,580,000)	(5,030,000)	(6,580,000)	(5,030,000)
	<u>36,940,000</u>	<u>36,058,000</u>	<u>36,940,000</u>	<u>36,058,000</u>

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long service Bonus Award is payable after 5 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

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	2022	2021 Restated*	2022	2021 Restated*

#### 19. Employee benefit liabilities (Continued)

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by ZAQ Consultants and Actuaries (2021: Alexander Forbs), 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, 1050 (2021: 1 106) employees were eligible for Long-service Awards. The Current-service Cost for the year ending 30 June 2022 is estimated to be R4 454 000, (30 June 2021: R3 927 000).

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

Discount rates used	Yield Curve	8.0%	Yield Curve	8.0%
Expected Retirement Age - Males and Femal	63	63	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	42,594,000	34,196,000	42,594,000	34,196,000
Current Service Costs	3,927,000	3,927,000	3,927,000	3,927,000
Interest Costs	2,564,000	2,564,000	2,564,000	2,564,000
Benefits paid	(6,580,000)	(5,030,000)	(6,580,000)	(5,030,000)
Actuarial Losses / (Gains)	2,920,000	6,937,000	2,920,000	6,937,000
	<u>45,425,000</u>	<u>42,594,000</u>	<u>45,425,000</u>	<u>42,594,000</u>

The amounts recognised in the Statement of Financial Position are as follows:

<b>Present value of fund obligations</b>	<u>45,425,000</u>	<u>42,594,000</u>	<u>45,425,000</u>	<u>42,594,000</u>
<b>Unfunded accrued liability</b>	<u>45,425,000</u>	<u>42,594,000</u>	<u>45,425,000</u>	<u>42,594,000</u>
<b>Total Benefit Liability</b>	<u>45,425,000</u>	<u>42,594,000</u>	<u>45,425,000</u>	<u>42,594,000</u>

The amounts recognised in the Statement of Financial Performance are as follows:

Current service	3,927,000	3,927,000	3,927,000	3,927,000
Interest cost	2,564,000	2,564,000	2,564,000	2,564,000
Actuarial Losses / (Gains)	2,920,000	6,937,000	2,920,000	6,937,000
	<u>9,411,000</u>	<u>13,428,000</u>	<u>9,411,000</u>	<u>13,428,000</u>

The history of experienced adjustments is as follows:

Present value of Defined Benefit Obligation	45,425,000	42,594,000	45,425,000	42,594,000
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The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

<b>Increase:</b>				
Effect on the aggregate of current service cost and the interest cost	2,636,000	2,402,000	2,636,000	2,402,000
Effect on defined benefit obligation	48,061,000	44,996,000	48,061,000	44,996,000
<b>Decrease</b>				
Effect on the aggregate of current service cost and the interest cost	(2,414,000)	(10,582,000)	(2,414,000)	(10,582,000)
Effect on defined benefit obligation	43,011,000	40,410,000	43,011,000	40,410,000

The municipality expects to make a contribution of R4 454 000 (2021: R13 428 000) to the defined benefit plans during the next financial year.

#### 20. Accumulated surplus

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Accumulated Surplus / (Deficit) due to the results of Operations	<u>6,922,819,895</u>	<u>6,629,550,989</u>	<u>6,872,390,447</u>	<u>6,567,831,083</u>
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	2022	2021 Restated*	2022	2021 Restated*
<b>21. Revaluation Surplus</b>				
Land	7,489,083	-	7,489,083	-
Buildings	10,488,375	-	10,488,375	-
	<u>17,977,458</u>	<u>-</u>	<u>17,977,458</u>	<u>-</u>
Land and building are subsequently accounted for using revaluation model and are revalued every 5 years. During the current financial year all municipality's Land and Buildings were revalued and a revaluation surplus was realised on both land and building. The revaluation was performed by Penny Lindstrom Valuations and fair values were estimated using depreciated replacement method for the Port St Johns property, Income Approach for the Mthatha offices and through the use of suitable comparable sales in the area for residential properties. The revaluation was effective from 30 June 2022.				
<b>22. Service charges</b>				
Sale of water	241,297,359	239,824,142	241,297,359	239,824,142
Sewerage and sanitation charges	62,455,557	60,340,074	62,455,557	60,340,074
	<u>303,752,916</u>	<u>300,164,216</u>	<u>303,752,916</u>	<u>300,164,216</u>
The amounts disclosed above for revenue from charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.				
<b>23. Rental of facilities and equipment</b>				
Rental Revenue	415,672	323,478	33,855	7,170
	<u>415,672</u>	<u>323,478</u>	<u>33,855</u>	<u>7,170</u>
Rental revenue earned on facilities and equipment is in respect of hall, office rentals, storage fees and parking rented out.				
<b>24. Interest earned</b>				
Bank Accounts	1,713,611	6,353,744	1,601,214	6,158,788
Investments	9,188,862	9,303,159	9,188,862	9,303,159
	<u>10,902,473</u>	<u>15,656,903</u>	<u>10,790,076</u>	<u>15,461,947</u>
Outstanding Billing Debtors	32,877,677	24,970,985	32,877,677	24,970,985
	<u>32,877,677</u>	<u>24,970,985</u>	<u>32,877,677</u>	<u>24,970,985</u>
	<u>43,780,150</u>	<u>40,627,888</u>	<u>43,667,753</u>	<u>40,432,932</u>
<b>25. Operational revenue</b>				
Ntinga Operations	13,207,300	11,274,996	-	-
Tender documents	451,797	215,898	-	-
Sundry Income	3,198,976	1,637,882	3,198,976	1,637,882
	<u>16,858,073</u>	<u>13,128,776</u>	<u>3,198,976</u>	<u>1,637,882</u>
The amounts disclosed above for Operational revenue are in respect of services, other than described in Notes 22 to 24 and 26 which are billed to or paid for by the users as the services are required according to approved tariffs.				
<b>26. Income from Agency Services</b>				
Commission Received	367,018	631,100	203,152	217,997
	<u>367,018</u>	<u>631,100</u>	<u>203,152</u>	<u>217,997</u>
The amounts disclosed above is generated from commission fees received from third parties for deducting and paying over the amounts (Garnish orders) deducted from employees				

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Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>27. Transfers and subsidies received</b>				
<b>Operating grants</b>				
Equitable share	950,444,707	1,034,338,000	950,444,707	1,034,338,000
Other Subsidies	-	707,132	-	-
SITA Skills Development Grant	1,462,972	856,455	1,462,972	856,455
	<u>951,907,679</u>	<u>1,035,901,587</u>	<u>951,907,679</u>	<u>1,035,194,455</u>
<b>Conditional grants</b>				
National: EPWP	9,245,000	6,517,000	9,245,000	6,517,000
National: FMG	2,000,000	2,000,685	2,000,000	2,000,685
National: MIG	406,989,237	487,435,045	406,989,237	487,435,045
National: WSIG	57,478,265	55,991,620	57,478,265	55,991,620
National: Department of Roads and Transport	-	2,940,000	-	2,940,000
National: RBIG	97,098,483	90,822,495	97,098,483	90,822,495
	<u>572,810,985</u>	<u>645,706,845</u>	<u>572,810,985</u>	<u>645,706,845</u>
	<u>1,524,718,664</u>	<u>1,681,608,432</u>	<u>1,524,718,664</u>	<u>1,680,901,300</u>

In terms of MFMA circular No 48 all conditional allocations (excluding interest earned thereon) that at year-end are not utilised, must revert back to the National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects.

#### National: EPWP Funds

Current-year receipts	9,245,000	6,517,000	9,245,000	6,517,000
Conditions met - transferred to revenue:	<u>(9,245,000)</u>	<u>(6,517,000)</u>	<u>(9,245,000)</u>	<u>(6,517,000)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 16).				

The Financial Management Grant is paid by the National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

#### National: FMG Funds

Balance unspent at beginning of year	-	685	-	685
Current-year receipts	2,000,000	2,000,000	2,000,000	2,000,000
Conditions met - transferred to revenue:	<u>(2,000,000)</u>	<u>(2,000,685)</u>	<u>(2,000,000)</u>	<u>(2,000,685)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 16).				

#### National: WSIG Funds

Balance unspent at beginning of year	42,805,609	75,397,229	42,805,609	75,397,229
Conditions not met - withheld	(42,805,609)	(25,000,000)	(42,805,609)	(25,000,000)
Current-year receipts	96,000,000	48,400,000	96,000,000	48,400,000
Conditions met - transferred to revenue	<u>(57,478,265)</u>	<u>(55,991,620)</u>	<u>(57,478,265)</u>	<u>(55,991,620)</u>
	<u>38,521,735</u>	<u>42,805,609</u>	<u>38,521,735</u>	<u>42,805,609</u>

Conditions still to be met - remain liabilities (see note 16). This grant was received for the building and maintenance of water and sanitation infrastructure in the district. R42 805 609 was withheld by the National Treasury.

#### National: Regional Bulk Infrastructure Grant (RBIG)

Balance unspent at beginning of year	36,288,140	191,180,628	36,288,140	191,180,628
Conditions not met - withheld	(36,288,140)	(164,069,993)	(36,288,140)	(164,069,993)
Current-year receipts	121,334,000	100,000,000	121,334,000	100,000,000
Conditions met - transferred to revenue	<u>(97,098,483)</u>	<u>(90,822,495)</u>	<u>(97,098,483)</u>	<u>(90,822,495)</u>
	<u>24,235,517</u>	<u>36,288,140</u>	<u>24,235,517</u>	<u>36,288,140</u>

Conditions still to be met - remain liabilities (see note 16). This grant was received for the building and maintenance of water and sanitation infrastructure in the district. R36 288 140 was withheld by the National Treasury.

#### National: Department Roads and Transport

Balance unspent at beginning of year	22,000	-	22,000	-
Current-year receipts	3,002,000	2,962,000	3,002,000	2,962,000
Conditions met - transferred to revenue	<u>-</u>	<u>(2,940,000)</u>	<u>-</u>	<u>(2,940,000)</u>
	<u>3,002,000</u>	<u>22,000</u>	<u>3,002,000</u>	<u>22,000</u>

Conditions still to be met - remain liabilities (see note 16).

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	2022	2021 Restated*	2022	2021 Restated*
<b>27. Transfers and subsidies received (Continued)</b>				
<b>National: MIG</b>				
Balance unspent at beginning of year	112,334,797	181,800,010	112,334,797	181,800,010
Conditions not met - withheld	(112,334,797)	(45,177,167)	(112,334,797)	(45,177,167)
Current-year receipts	529,438,000	463,147,000	529,438,000	463,147,000
Conditions met - transferred to revenue	(406,989,237)	(487,435,045)	(406,989,237)	(487,435,045)
	<u>122,448,763</u>	<u>112,334,797</u>	<u>122,448,763</u>	<u>112,334,797</u>

Conditions still to be met - remain liabilities (see note 16). This grant was received for the building and maintenance of water and sanitation infrastructure in the district. R112 334 797 was withheld by the National Treasury.

#### National: SITA Skills Development Grant

Current-year receipts	1,462,972	856,455	1,462,972	856,455
Conditions met - transferred to revenue:	(1,462,972)	(856,455)	(1,462,972)	(856,455)
-	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

No funds have been withheld.

#### 28. Employee related costs

Basic Salaries	494,134,256	458,821,222	462,497,944	426,987,831
Bonus	31,549,378	32,020,302	29,379,699	29,849,077
Medical aid - company contributions	22,949,737	21,707,664	22,949,737	21,707,664
UIF	3,560,484	3,344,957	2,981,776	2,603,091
SDL	6,153,947	5,391,395	6,153,947	5,391,395
Leave pay provision charge	5,247,389	21,136,619	3,955,306	20,223,415
Overtime payments	43,650,569	60,770,702	43,269,489	60,671,499
Long-service awards	270,452	208,398	270,452	208,398
Acting allowances	2,334,912	1,339,377	2,334,912	1,339,377
Travel Allowances	36,883,767	36,202,284	36,883,767	36,202,284
Housing benefits and allowances	20,255,571	20,356,420	20,255,571	20,356,420
Telephone allowance	5,446,083	5,534,295	5,446,083	5,534,295
Contributions: Group Life Insurance	26,137,445	17,439,317	26,137,445	17,439,317
Defined Benefit Plan expense	4,692,139	6,206,000	4,692,139	6,206,000
Pensions - Company Contributions	67,953,603	66,566,607	64,095,871	62,393,972
Danger Allowances**	-	43,516,837	-	43,516,837
Other Allowances	4,424,107	5,013,166	-	-
	<u>775,643,839</u>	<u>805,575,562</u>	<u>731,304,138</u>	<u>760,630,872</u>

\*\* Danger allowance relates to payments made to employees as compensation for working during level 3, 4 and 5 of the National lockdowns in year 2020.

#### REMUNERATION OF SECTION 57 EMPLOYEES:

##### Remuneration of Municipal Manager

Annual Remuneration	651,649	735,073	651,649	735,073
Car Allowance	200,000	70,000	200,000	70,000
Bonuses	-	105,010	-	105,010
Contributions to UIF, Salga, Group life and SDL	50,368	57,523	50,368	57,523
Cellphone Allowance	23,037	23,682	23,037	23,682
Housing Subsidy	-	140,000	-	140,000
	<u>925,054</u>	<u>1,131,288</u>	<u>925,054</u>	<u>1,131,288</u>

Municipal manager assumed duties on the first of November 2021.

##### Remuneration of Chief Financial Officer

Annual Remuneration	900,484	900,484	900,484	900,484
Car Allowance	526,975	526,975	526,975	526,975
Contributions to UIF, Salga, Group life and SDL	82,972	57,523	82,972	57,523
Cellphone Allowance	10,000	10,000	10,000	10,000
	<u>1,520,432</u>	<u>1,494,982</u>	<u>1,520,432</u>	<u>1,494,982</u>

The CFO resigned at the end of June 2022 subsequent to precautionary suspension in February, the current acting CFO started in April 2022.



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	2022	2021 Restated*	2022	2021 Restated*
<b>28. Employee related costs (Continued)</b>				
<b>Remuneration of Director: Chief of Staff - Office of the Executive Mayor</b>				
Annual Remuneration	875,080	875,080	875,080	875,080
Car Allowance	180,000	180,000	180,000	180,000
Contributions to UIF, Salga, Group life and SDL	63,416	44,099	63,416	44,099
Cellphone Allowance	27,962	7,620	27,962	7,620
	<u>1,146,458</u>	<u>1,106,799</u>	<u>1,146,458</u>	<u>1,106,799</u>
<b>Remuneration of Director: Community and Social Affairs</b>				
Annual Remuneration	1,159,964	1,159,964	1,159,964	1,159,964
Car Allowance	180,000	180,000	180,000	180,000
Bonuses	96,664	96,664	96,664	96,664
Contributions to UIF, Salga, Group life and SDL	80,824	56,398	80,824	56,398
Cellphone Allowance	12,500	-	12,500	-
	<u>1,529,951</u>	<u>1,493,026</u>	<u>1,529,951</u>	<u>1,493,026</u>
<b>Remuneration of the Director: Corporate Services</b>				
Annual Remuneration	593,730	1,187,459	593,730	1,187,459
Car Allowance	120,000	240,000	120,000	240,000
Contributions to UIF, Salga, Group life and SDL	45,959	58,735	45,959	58,735
Leave Benefits	220,970	-	220,970	-
Other Allowances	126,635	8,922	126,635	8,922
	<u>1,107,294</u>	<u>1,495,116</u>	<u>1,107,294</u>	<u>1,495,116</u>
<i>Resigned on the 30 November 2021, the post is still vacant</i>				
<b>Remuneration of the Director: Human Settlement</b>				
Annual Remuneration	1,179,203	806,823	1,179,203	806,823
Car Allowance	389,504	389,504	389,504	389,504
Bonuses	67,235	67,235	67,235	67,235
Contributions to UIF, Medical and Pension Funds	81,323	29,657	81,323	29,657
Acting Allowances	45,186	-	45,186	-
	<u>1,762,450</u>	<u>1,293,219</u>	<u>1,762,450</u>	<u>1,293,219</u>
<b>Remuneration of the Director: Technical Services</b>				
Annual Remuneration	993,810	993,810	993,810	993,810
Car Allowance	180,000	180,000	180,000	180,000
Bonuses	82,818	82,818	82,818	82,818
Contributions to UIF, Salga, Group life and SDL	80,824	56,455	80,824	56,455
Cellphone Allowance	27,500	19,606	27,500	19,606
Housing Subsidy	180,000	180,000	180,000	180,000
	<u>1,544,952</u>	<u>1,512,688</u>	<u>1,544,952</u>	<u>1,512,688</u>
<b>Remuneration of the Director: Office of the Executive Mayor</b>				
Annual Remuneration	1,219,591	1,219,591	1,219,591	1,219,591
Car Allowance	120,000	120,000	120,000	120,000
Bonuses	101,633	101,633	101,633	101,633
Contributions to UIF, Salga, Group life and SDL	81,195	56,680	81,195	56,680
Cellphone Allowance	20,000	53,846	20,000	53,846
	<u>1,522,419</u>	<u>1,497,904</u>	<u>1,522,419</u>	<u>1,551,751</u>
<b>Remuneration of the Director: Rural and Economic Development</b>				
Annual Remuneration	1,154,491	1,154,491	1,154,491	1,154,491
Car Allowance	180,000	180,000	180,000	180,000
Bonuses	96,208	96,208	96,208	96,208
Contributions to UIF, Salga, Group life and SDL	81,207	56,499	81,207	56,499
Cellphone Allowance	30,500	24,000	30,500	24,000
Acting Allowances	67,779	-	67,779	-
	<u>1,610,185</u>	<u>1,511,199</u>	<u>1,610,185</u>	<u>1,511,199</u>

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	2022	2021 Restated*	2022	2021 Restated*
<b>28. Employee related costs (Continued)</b>				
<b>Remuneration of the Director: Internal Audit</b>				
Annual Remuneration	1,000,211	1,000,211	1,000,211	1,000,211
Car Allowance	180,000	180,000	180,000	180,000
Car Allowance	83,351	83,351	83,351	83,351
Contributions to UIF, Salga, Group life and SDL	71,385	49,927	71,385	49,927
Cellphone Allowance	27,500	29,911	27,500	29,911
	<u>1,362,446</u>	<u>1,343,399</u>	<u>1,362,446</u>	<u>1,343,399</u>
<b>Remuneration of the Director: Speaker's Office / Legislature</b>				
Annual Remuneration	1,164,207	1,164,207	1,164,207	1,164,207
Car Allowance	180,000	180,000	180,000	180,000
Bonuses	97,017	97,017	97,017	97,017
Contributions to UIF, Salga, Group life and SDL	81,075	56,572	81,075	56,572
Cellphone Allowance	24,171	32,738	24,171	32,738
<b>Currently on precautionary suspension.</b>	<u>1,522,299</u>	<u>1,497,796</u>	<u>1,546,469</u>	<u>1,530,534</u>
<b>Remuneration of the Chief of Staff: Speaker's Office / Legislature</b>				
Annual Remuneration	-	274,272	-	274,272
Car Allowance	-	60,000	-	60,000
Contributions to UIF, Salga, Group life and SDL	-	30,253	-	30,253
Leave Benefits	-	69,259	-	69,259
	<u>-</u>	<u>433,783</u>	<u>-</u>	<u>433,783</u>
<i>Resigned on the 30 October 2020, the post is still vacant</i>				
<b>Remuneration of the Director: Municipal Managers Office</b>				
Annual Remuneration	1,187,459	1,187,459	1,187,459	1,187,459
Car Allowance	240,000	240,000	240,000	240,000
Contributions to UIF, Salga, Group life and SDL	84,631	58,707	84,631	58,707
Cellphone Allowance	27,500	27,272	27,500	27,272
	<u>1,539,590</u>	<u>1,513,438</u>	<u>1,539,590</u>	<u>1,513,438</u>
<b>Remuneration of the Director: Water Services</b>				
Annual Remuneration	1,031,412	1,116,449	1,031,412	1,116,449
Car Allowance	112,200	122,400	112,200	122,400
Contributions to UIF, Salga, Group life and SDL	81,255	58,807	81,255	58,807
Housing Subsidy	102,633	111,963	102,633	111,963
Cellphone Allowance	351,320	-	351,320	-
Leave Benefits	14,000	24,000	14,000	24,000
	<u>1,692,820</u>	<u>1,433,619</u>	<u>1,692,820</u>	<u>1,433,619</u>
<i>Employment contract ended in May 2022, post still vacant.</i>				
<b>Remuneration of the Chief Executive Officer - Ntinga</b>				
Basic Salary	1,337,745	1,183,716	-	-
Acting Allowance	32,590	44,996	-	-
Travel Allowance	170,973	196,802	-	-
Cellphone Allowance	22,578	31,172	-	-
Annual Bonus - 13th Cheque	90,103	124,411	-	-
Pension	172,053	187,224	-	-
Gratuity	-	631,890	-	-
	<u>1,826,042</u>	<u>2,400,212</u>	<u>-</u>	<u>-</u>
<i>From 01 July to 30 November the position was occupied by an acting person. CEO was appointed with effect from 01 December 2021.</i>				
<b>Remuneration of the Chief Financial Officer - Ntinga</b>				
Basic Salary	1,337,745	1,183,716	-	-
Acting Allowance	32,590	44,996	-	-
Travel Allowance	170,973	196,802	-	-
Cellphone Allowance	22,578	31,172	-	-
Annual Bonus - 13th Cheque	90,103	124,411	-	-
Pension	172,053	187,224	-	-
	<u>1,826,042</u>	<u>1,768,321</u>	<u>-</u>	<u>-</u>
<i>From 01 July to 31 March the position was occupied by an acting person. CEO was appointed with effect from 01 April 2022</i>				

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	2022	2021 Restated*	2022	2021 Restated*
<b>28. Employee related costs (Continued)</b>				
<b>Remuneration of the Senior Manager Water Services - Ntinga</b>				
Basic Salary	-	856,378	-	-
Travel Allowance	-	95,106	-	-
Cellphone Allowance	-	22,345	-	-
Annual Bonus - 13th Cheque	-	110,641	-	-
Pension	-	111,329	-	-
Leave gratuity	-	205,786	-	-
	<u>-</u>	<u>1,401,584</u>	<u>-</u>	<u>-</u>
<i>Contract of employment expired and the vacancy was not filled in the current year.</i>				
<b>Remuneration of the Corporate Service Manager - Ntinga</b>				
Basic Salary	1,254,848	1,244,582	-	-
Travel Allowance	159,743	213,188	-	-
Annual Bonus - 13th Cheque	93,491	91,010	-	-
Pension	161,398	150,321	-	-
	<u>1,669,480</u>	<u>1,699,101</u>	<u>-</u>	<u>-</u>
<b>Remuneration of the Senior Manager Trading Enterprises - Ntinga</b>				
Basic Salary	1,100,679	1,060,921	-	-
Travel Allowance	166,483	162,225	-	-
Annual Bonus - 13th Cheque	77,161	74,552	-	-
Pension	141,540	137,919	-	-
	<u>1,344,323</u>	<u>1,297,697</u>	<u>-</u>	<u>-</u>
<b>Remuneration of the Company Secretary - Ntinga</b>				
Basic Salary	385,361	752,221	-	-
Travel Allowance	31,245	112,731	-	-
Annual Bonus - 13th Cheque	41,790	60,944	-	-
Pension	50,097	97,789	-	-
Gratuity	59,115	-	-	-
	<u>567,608</u>	<u>1,023,684</u>	<u>-</u>	<u>-</u>
<i>Company Secretary resigned on 31st July 2021. Upon her resignation Contracted Company Secretary services were employed. The permanent Company Secretary was employed on the 15th February 2022.</i>				
<b>Staff Leave Benefits</b>				
Chief of Staff: Speaker's Office / Legislature	-	69,259	-	69,259
Former Municipal Manager	321,961	-	321,961	-
Director: Corporate Services	220,970	-	220,970	-
Director: Water Services	351,320	-	351,320	-
	<u>894,252</u>	<u>69,259</u>	<u>894,252</u>	<u>69,259</u>
<b>29. Remuneration of councillors and Board Members</b>				
Executive Mayor	894,763	1,054,153	894,763	1,054,153
Deputy Executive Mayor	769,281	841,042	769,281	841,042
Mayoral Committee Members	784,793	840,892	784,793	840,892
Speaker	5,169,290	7,649,546	5,169,290	7,649,546
Councillors	11,437,741	9,167,921	11,437,741	9,167,921
Traditional Leaders	400,565	830,961	400,565	830,961
	<u>19,456,433</u>	<u>20,384,515</u>	<u>19,456,433</u>	<u>20,384,515</u>

## OR Tambo District Municipality

(Registration number : DC15)

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>29. Remuneration of councillors and Board Members (Continued)</b>				
<b>Board of Directors - Ntinga</b>				
Sitting allowances and re-imbursive travel costs	840,769	827,482	-	-
	<u>840,769</u>	<u>827,482</u>	<u>-</u>	<u>-</u>
	<u>20,297,202</u>	<u>21,211,997</u>	<u>19,456,433</u>	<u>20,384,515</u>
<b>In-kind benefits</b>				
The Councillors occupying the position of Executive Mayor, Speaker and Mayoral Committee Members of the municipality serve in a full-time capacity. Each of these Councillors are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.				
The Executive Mayor is entitled to stay at the mayoral residence owned by the Council at less than market related rate. The Executive Mayor has use of a Council owned vehicle for official duties. The Mayor has one full-time bodyguard and a full-time driver.				
Members of the Board are non-executive directors. In order to enable them to carry out their responsibilities efficiently and effectively some members are provided with computer equipment and data bundles. Except for the Board Chairperson members are divided to serve in board committees. *Mrs. Makuni serves as an independent member of the Audit and Risk Committee only.				
<b>30. Depreciation and amortisation</b>				
Property, plant and equipment	236,323,191	236,604,276	231,320,983	231,445,464
Intangible assets	586,635	1,282,029	323,473	1,025,800
	<u>236,909,826</u>	<u>237,886,305</u>	<u>231,644,456</u>	<u>232,471,264</u>
<b>31. Impairment Loss</b>				
Receivables from exchange transactions imp	84,939,386	19,711,137	77,180,988	19,619,724
Asset impairment adjustment	17,420,717	11,444,253	17,420,717	11,444,253
Derecognised assets	151,072	2,700,775	151,072	2,700,775
	<u>102,511,175</u>	<u>33,856,165</u>	<u>94,752,777</u>	<u>33,764,752</u>
<b>32. Bad Debts Written off</b>				
Employee benefit obligation: Interest Cost	12,666,625	19,587,153	12,666,625	19,587,153
	<u>12,666,625</u>	<u>19,587,153</u>	<u>12,666,625</u>	<u>19,587,153</u>
<b>33. Finance Costs</b>				
Employee benefit obligation: Interest Cost	16,186,000	15,873,000	16,186,000	15,873,000
Finance Leases	374,621	159,120	374,621	159,120
Other interest paid	5,258,856	1,132,024	5,148,690	868,871
	<u>21,819,477</u>	<u>17,164,144</u>	<u>21,709,311</u>	<u>16,900,991</u>
The "Other interest paid" relates to interest paid to the Eskom, KSD Municipality, DWA, AG, Qotoyi attorneys and Telkom overdue accounts.				
<b>34. Contracted services</b>				
Professional Services	63,979,087	22,867,463	63,670,738	22,654,336
Outsourced Services	38,420,615	50,198,800	39,091,439	55,541,827
Contractors	25,595,970	73,658,762	20,388,737	66,668,764
	<u>127,995,672</u>	<u>146,725,025</u>	<u>123,150,914</u>	<u>144,864,927</u>
<b>35. Transfers and Subsidies</b>				
<b>Transfers</b>				
Ntinga Development Agency	(1,316,008)	(1,800,851)	52,011,548	51,630,636
	<u>(1,316,008)</u>	<u>(1,800,851)</u>	<u>52,011,548</u>	<u>51,630,636</u>
<b>Subsidies</b>				
Community projects	24,485,710	143,073,730	21,384,929	133,899,781
Free Basic Services	21,830,266	80,157,799	21,830,266	80,157,799
Social Aid	8,695,873	30,347,140	8,695,873	30,347,140
	<u>55,011,849</u>	<u>253,578,669</u>	<u>51,911,068</u>	<u>244,404,720</u>
	<u>53,695,841</u>	<u>251,777,818</u>	<u>103,922,616</u>	<u>296,035,356</u>

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Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*

#### 35. Transfers and Subsidies (Continued)

##### Community Projects

Community Projects are in respect of local economic development projects within the municipality's area of jurisdiction.

##### Free Basic Services

Free Basic Services are programmes aimed at providing free basic service levels to indigent households.

##### Local Municipalities

Local Municipalities are municipalities within the jurisdiction of OR Tambo district municipality.

##### Municipal Entities

Municipal Entities are entities under control of the municipality to enable the entities to fulfil their mandates. The municipality currently has one municipal entity which is Ntinga Development Entity.

##### Social Aid

Social Aid constitutes social assistance programmes aimed at improving the social condition of people within the municipality's area of jurisdiction.

#### 36. Inventory Consumed

Inventory Consumed - General Stores	19,752,895	20,121,195	19,752,895	20,121,195
Inventory Consumed - Water	15,542,254	17,193,958	15,542,254	17,193,958
Inventory Consumed - Ntinga	11,498,715	9,343,056	-	-
	<u>46,793,864</u>	<u>46,658,209</u>	<u>35,295,149</u>	<u>37,315,153</u>

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. Water is purchased from the Department of Water Affairs.

#### 37. Inventory Losses

Water Losses	11,439,667	12,486,997	11,439,667	12,486,997
	<u>11,439,667</u>	<u>12,486,997</u>	<u>11,439,667</u>	<u>12,486,997</u>

Water Losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported. Refer to note 2 and note 61.

#### 38. Operational Costs

Advertising, Publicity and Marketing	1,057,268	2,887,420	978,251	2,816,698
Assets less than capital threshold	129,224	40,000	129,224	40,000
Bank Charges, Facility and Card Fees	849,107	852,747	534,155	550,728
Bargaining council	7,279,748	6,441,720	7,279,748	6,441,720
Cleaning Materials	568,547	69,876	566,112	68,148
Commission Paid	173,755	165,776	-	-
Communication	7,921,228	8,888,907	6,957,177	7,400,091
Courier and delivery service	500	3,843	-	2,938
Electricity	89,453,324	63,396,690	89,453,324	63,396,690
Entertainment	51,017	242,572	51,017	242,572
Expenditure incurred on Conditional grants	162,488	4,463,167	162,488	4,463,167
External Audit Fees	13,546,709	12,443,850	11,401,249	10,527,343
External computer services	7,496,216	5,286,433	7,496,216	5,286,433
Hire charges	14,387,060	24,991,014	14,337,060	24,991,014
Insurance underwriting	4,400,874	2,367,648	4,400,874	2,367,648
Learnership and Internships	13,295,909	14,858,875	13,274,357	14,730,400
Licences	1,110,057	244,525	1,110,057	244,525
Municipal Services - Assessment rates	1,643,335	2,226,003	-	-
Other Operational Costs	519,810	1,228,071	-	525,305
Printing, publications and books	2,071,774	7,365,121	1,865,318	7,186,278
Professional bodies, membership and subscrip	54,381	209,192	42,182	143,813
Registration Fees	682,634	2,253,289	682,634	2,253,289
Travelling and Subsistence	23,331,246	35,272,863	23,087,651	34,551,614
Uniform and protective clothing	221,630	82,074	169,359	31,800
Wet fuel	17,438,529	12,869,476	16,231,273	11,987,834
	<u>207,846,370</u>	<u>209,151,152</u>	<u>200,209,726</u>	<u>200,250,048</u>

The amounts disclosed above for Other operational costs are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>39. Gains / (Losses) on disposal of assets</b>				
<b>Losses</b>				
Losses on sale of Furniture and office Equipment	298,649	54,863	298,649	-
Losses on sale of Machinery and Equipment	86,480	-	86,480	-
	<b>385,129</b>	<b>54,863</b>	<b>385,129</b>	<b>-</b>
Proceeds: Furniture, Computers and Machinery	(14,392)	-	(14,392)	-
Carrying Value: Furniture, Computers and Machinery	399,520	-	399,520	-
	<b>385,128</b>	<b>-</b>	<b>385,128</b>	<b>-</b>
<b>Gains</b>				
Gains on sale of Transport asset	(1,030,323)	(50,116)	(1,030,323)	(50,116)
	<b>(1,030,323)</b>	<b>(50,116)</b>	<b>(1,030,323)</b>	<b>(50,116)</b>
Proceeds: Sale of vehicles	(4,659,766)	(100,733)	(4,659,766)	(100,733)
Carrying value: Vehicles Sold	3,629,443	50,615	3,629,443	50,615
	<b>(1,030,323)</b>	<b>(50,118)</b>	<b>(1,030,323)</b>	<b>(50,118)</b>
	<b>(645,194)</b>	<b>4,747</b>	<b>(645,194)</b>	<b>(50,116)</b>
<b>40. Reversal of Impairment</b>				
PPE - Infrastructure Assets	26,666	-	26,666	-
	<b>26,666</b>	<b>-</b>	<b>26,666</b>	<b>-</b>
<b>41. Financial instruments disclosure</b>				
<b>ECONOMIC ENTITY - Categories of financial instruments</b>				
<b>Financial assets</b>	<b>Classification</b>	<b>2022</b>	<b>2021 Restated*</b>	
Receivables from Exchange - Sewerage	Amortised cost	28,589,909	27,652,060	
Receivables from Exchange - Water	Amortised cost	108,221,853	111,824,579	
Receivables from Exchange - Other Receivables	Amortised cost	17,344,522	19,589,697	
Receivables from Non-Exchange - Short-term Loans	Amortised cost	317,798	1,062,466	
Receivables from Non-Exchange - Sundry debtors	Amortised cost	1,068,251	2,715,485	
Cash and cash equivalents - Call deposits	Amortised cost	321,660,429	294,344,794	
Cash and cash equivalents - Bank Balances	Amortised cost	67,054,932	106,360,689	
Cash and cash equivalents - Petty Cash	Amortised cost	12,918	6,896	
		<b>544,270,612</b>	<b>563,556,665</b>	
<b>Financial liabilities</b>				
Payables from exchange transactions - Trade Creditors	Amortised cost	387,415,022	317,309,520	
Payables from exchange transactions - Retentions	Amortised cost	67,765,203	75,227,712	
Payables from exchange transactions - Other Creditors	Amortised cost	6,803,410	3,591,329	
Payables from Non-Exchange transactions	Amortised cost	41,767,983	254,678,818	
		<b>503,751,618</b>	<b>650,807,380</b>	
<b>CONTROLLING ENTITY - Categories of financial instruments</b>				
<b>Financial assets</b>				
Receivables from Exchange - Sewerage	Amortised cost	28,589,909	27,652,060	
Receivables from Exchange - Water	Amortised cost	108,221,853	111,824,579	
Receivables from Exchange - Other Receivables	Amortised cost	17,235,636	21,141,615	
Receivables from Non-Exchange - Short-term Loans	Amortised cost	317,798	1,062,466	
Receivables from Non-Exchange - Sundry debtors	Amortised cost	1,068,250	1,518,015	
Cash and cash equivalents - Call deposits	Amortised cost	319,429,991	292,467,783	
Cash and cash equivalents - Bank Balances	Amortised cost	64,371,366	104,935,271	
		<b>539,234,803</b>	<b>560,601,789</b>	
<b>Financial liabilities</b>				
Payables from exchange transactions - Trade Creditors	Amortised cost	388,753,387	321,397,556	
Payables from exchange transactions - Retentions	Amortised cost	67,765,203	75,227,712	
Payables from exchange transactions - Other Creditors	Amortised cost	177,744	177,744	
Payables from Non-Exchange transactions	Amortised cost	41,321,013	263,346,947	
		<b>498,017,347</b>	<b>660,149,959</b>	

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*

#### 42. Related Party Transactions

All Related Party Transactions are conducted at arm's length, unless stated otherwise. These transactions are eliminated during the consolidation process in line with the requirements of GRAP 35.

#### Interest of Related Parties

No Related Party Interests have been identified/declared for the two financial years under review.

OR Tambo Ntinga Development Agency is wholly controlled by the municipality.

OR Tambo Ntinga Development Agency is utilising free offices provided by the municipality.

#### Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

#### Loans to Local Municipalities

Between 2008 and 2009 OR Tambo made payments amounting of R8 741 167.29 to Port St Johns municipality in a form of a loan. Due to continued cash flow problems at Port St Johns, its council offered a piece of land valued R8 800 000 to OR Tambo as a settlement of the loan. The official transfer of ownership of the land did not occur and in 2010 Port St Johns municipality indicated that the size of the land offered was reduced to 3.5 hectares. Based on this OR Tambo impaired the land value initially capitalised and reduced it to R2 200 000. In 2019/20 financial year this balance was reclassified as Long-term debtor and impaired in full.

#### Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 28 and 29 to the Annual Financial Statements. The names and positions of key management personnel are as follows:

#### Controlling entity (ORT DM)

Mkhize S.W.	Municipal Manager
Mosola B.	Acting Chief Financial Officer
Matomela B.	Director: Municipal Manager's Officer
Dunywa P.A.X.	Director: Rural Economic Development Programme
Mnyanda N.	Director: Human Settlement
Madzidzela L.	Director: Community and Social Services
Mbatane N.	Director: Office of the Executive Mayor
Velem A.	Director: Water and Sanitation Services
Tseane T.	Director: Legislature
Nombasa L.	Acting Director: Corporate Services
Ndamase V.	Chief of Staff - Office of the Executive Mayor
Mandla S.	Director: Internal Audit
Ndwandwa M.	Director: Technical Services

#### Controlled entity (Ntinga)

Mbiko L.	Chief Executive Officer
Sentwa S.	Chief Financial Officer
Mzayiya E. (Contract ended)	Senior Manager Water Services
Mviko V.	Corporate Service Manager
Zilimolola M.	Senior Manager Trading Enterprises
Ndolodlwana S.	Company Secretary

#### Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

#### Other Related Party Transactions

##### Grants paid by the Municipality:

Grants paid to Ntinga OR Tambo Development Agency include funds for administration costs and operations at Adam Kok Farms. A breakdown of Ntinga OR Tambo Development Agency transactions is as follows:

Ntinga OR Tambo Development Agency - Operational Grants	51,340,724	46,975,355
Ntinga OR Tambo Development Agency - Consulting Fees on infrastructure projects	670,824	4,602,566
Ntinga OR Tambo Development Agency - Purchase of farming machinery and equipment	-	52,715
	<u>52,011,548</u>	<u>51,630,636</u>

The municipality did not make any cash transfers to the local municipalities in current year however in-kind transfers and subsidies disclosed under note 35 were made to local municipalities within the jurisdiction of OR Tambo District.

##### In-kind donations and assistance

The municipality provides Internal audit support and risk management function to Ntinga Development Agency at no cost. Office accommodation and related municipal services are provided by the municipality at no cost to the Entity.

##### Service Delivery services arrangements with Ntinga Development Agency

- The Entity is assigned a function of repairing and maintaining water schemes in rural and peri-urban areas. The entity is a paymaster for water scheme operators appointed by the municipality. The entity is reimbursed for these functions.

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*

#### 43. Principal and Agents Related Transactions

##### Principal - Eastern Cape Department of Housing

In 2020/21 the municipality entered into new agreements with the Eastern Cape Department of Housing wherein the municipality was appointed as a project manager or agent. In terms of these agreements the municipality does not bear the risks associated with the construction of houses. According to the agreement the municipality is not entitled to any commission or agency fees for the implementation of the housing programme.

Transactions	2022	2021 Restated*	2022	2021 Restated*
Opening balance	54,292,764	-	54,292,764	-
Housing Grant Received	3,379,883	82,721,499	3,379,883	82,721,499
Expenditure	(19,100,732)	(28,428,735)	(19,100,732)	(28,428,735)
<b>Unspent at year end</b>	<b>38,571,915</b>	<b>54,292,764</b>	<b>38,571,915</b>	<b>54,292,764</b>

There were no liabilities incurred on behalf of a principal that have been recognised by the municipality

##### Agent - Amatola Water Board

The municipality has an agreement with the Amatola Water Board for the implementation water infrastructure projects. Amatola charges the municipality 5% of project cost as agency fees. The work in progress and the revenue recognised from the projects implemented by Amatola is recorded and disclosed by the municipality. The following balances relate prepayments as at end of year:

Pre-payments	-	63,926,233	-	63,926,233
	<u>-</u>	<u>63,926,233</u>	<u>-</u>	<u>63,926,233</u>

Amatola water board refunded OR Tambo DM an amount of R46 million in June 2022 being a remaining balance of the pre-payments made by OR Tambo in prior year years.

Outstanding Amatola Water Payments	24,712,746	38,757,640	24,712,746	38,757,640
	<u>24,712,746</u>	<u>38,757,640</u>	<u>24,712,746</u>	<u>38,757,640</u>

Agency Fees Paid	5,634,656	4,289,595	5,634,656	4,289,595
	<u>5,634,656</u>	<u>4,289,595</u>	<u>5,634,656</u>	<u>4,289,595</u>

On termination of the agreement as a result of force majeure, OR Tambo DM shall pay Amatola Water Board an amount equal to the aggregate of any contractor's costs that have been reasonably and properly incurred as a direct result of the agreement up until the termination date to the extent that Amatola Water has used reasonable endeavours to mitigate losses together with implementing agency fees and any other costs that Amatola water is entitled to claim in terms of the agreement.

#### 44. Commitments

##### Authorised capital expenditure

##### Already contracted for but not provided for

- Infrastructure	842,809,755	1,209,147,260	842,748,461	1,209,085,965
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##### Not yet contracted for and authorised by accounting officer

- Infrastructure	-	-	-	-
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##### Total commitments

Authorised capital expenditure	<u>842,809,755</u>	<u>1,209,147,260</u>	<u>842,748,461</u>	<u>1,209,085,965</u>
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This committed expenditure relates to Infrastructure and will be financed from Government grants.

#### 45. Contingencies

##### General Claims:

- <b>Keightley and Sigaba - Mvezo Plant and Civils</b> filed a claim against the municipality for breach of cession agreement.	970,000	970,000
- <b>Keightley Inc. - Lingabantu Construction</b> filed a claim for damages and loss of profit resulting from the delay in payment of a retention fee that was later paid after a court judgement was issued against the municipality.	16,129,025	16,129,025
- <b>Keightley and Sigaba - Tuscan Mood</b> was claiming for a refund of an amount overpaid with respect to a municipal services debt owed by the company to the municipality. The court ruled in favor of the applicant and the payable amount was settled	-	300,000



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	2022	2021 Restated*	2022	2021 Restated*
<b>45. Contingencies (Continued)</b>				
- <b>Solwandle Attorneys - Department of Water Affairs</b> filed a claim for payment of bulk water sold to the municipality. The matter was resolved through IGR in line with IGR Act and MFMA section 44. The parties reconciled and agreed to an amount of R 76 million and further agreed on the waiver of interest. An agreement for the settlement of the debt was signed and is currently being implemented.			-	109,366,542
<b>Labour Related Claims:</b>				
- <b>Mkhongozeli Attorneys</b> - Claims for defamation of character			2,000,000	2,000,000
- <b>Mgxaji Incorporate</b> - Claim for salary that was not in line with his counterparts. The matter went to the labour court for a review and the court ruled in favor of the municipality.			-	4,200,000
- <b>Tunzi Attorneys</b> - Claim for under contribution to the employees pension fund An order was issued in favour of the applicant. The municipality negotiated with the applicant's attorneys for the settlement agreement and the review of the contribution. Parties have signed an agreement which is being implemented.			-	8,279,248
- <b>Qotoyi Attorneys</b> - Claim for payment of former EPWP employees Based on technicalities, an order was issued in favor of the applicants. Upon receipt of an order the municipality entered in an agreement to settle the amount.			-	17,000,000
			<b>2,000,000</b>	<b>31,479,248</b>
<b>Claim for Damages Suffered:</b>				
Claim for damage suffered due to loss of life				
- Jaffa Attorneys - Claims for three children drowned in the trench in Payne's Farm			10,050,000	10,050,000
- Mvuzo Noyesi Attorneys - Claim for a child drowned in Qumbu			2,000,000	2,000,000
			<b>12,050,000</b>	<b>12,050,000</b>
Claim for damage to property				
- Nogumbe Inc. - Claim for water damages to property in Mhlanga Location			800,000	800,000
- Khayalethu Nondabula Attorney - Claim for damages to a vehicle			136,200	296,400
			<b>936,200</b>	<b>1,096,400</b>
			<b>32,085,225</b>	<b>171,391,215</b>
<b>Controlled Entity</b>				
Man Truck & Bus (Pty) Ltd; The Entity is a second defendant on a matter involving a collision between a truck and a cow at Adam Kok Farms.			218,254	218,254
CE Du Plessis and 2 other vs OR Tambo District Municipality. Defendant is OR Tambo District Municipality and Ntinga is the second respondent. Plaintiffs alleges that their respective properties were damaged by fires which came from Adam Kok Farms owned by ORTDM and managed by Ntinga. The matter is being defended by the municipality.			1,781,524	1,781,524
Zandisile Kanise vs OR Tambo District Municipality. Defendant is OR Tambo District Municipality and Ntinga is the second respondent. Mr. Z.L. Kanise is employed by Ntinga. As per request of ORTDM he was seconded at ORTDM, Executive Mayor Office without any documentation. It is alleged that he acted as a Policy Analyst on secondment from Ntinga.			2,000,000	2,000,000
Benzile Munala vs Kei Fresh Produce Market. The matter is between Kei Fresh Produce Market and its former employee. It happened before the market was transferred to Ntinga by the municipality. The matter relates to an alleged unfair labour practice.			500,000	500,000
Sheriff of the Court - Kokstad vs Ntinga. The Sheriff is claiming re-imbusement of costs incurred after eviction of livestock at Adam Kok Farms. Ntinga is challenging the matter.			230,000	230,000
Ms Gwavu vs Kei Fresh Produce Market / Ntinga. Ms Gwavu was dismissed in 2011 by Kei Fresh Produce Market for gross negligence and the lost of funds before the market was incorporated into Ntinga. An out of court settlement was reached between the parties and it was settled by the District Municipality after year end.			-	-
Sontongane Vuyani vs Ntinga. In December 2019 the entity received summons dated 14 October 2019 alleging that the claimant's vehicle hit a cow belonging to the entity. The matter is being defended.			160,200	160,200
Ayanda Mgedezi V Ntinga OR Tambo Development Agency Soc Ltd - The plaintiff is suing Ntinga for malicious arrest and prosecution stemming from a charge of theft laid with the police. At the time of the charges the plaintiff was an employee with the position of Dairy Manager and Administrative Bookkeeper at Ikwezi Dairy Farm. The former employee is accused of stealing milk to the amount of R37272.60 between 01 - 30 October 2012 and 01 January 2013 to 31 March 2013.			3,055,000	-
			<b>7,944,978</b>	<b>4,889,978</b>
			<b>40,030,203</b>	<b>176,281,193</b>

## OR Tambo District Municipality

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity			Reference	Controlling Entity		
	2022	2021	2021		2022	2021	2021
			Restated*				Restated*
<b>46. Prior-year adjustments</b>							
Presented below are those items contained in both statement of financial position and the statement of financial performance that have been affected by prior-year adjustments:							
<b>Statement of Financial Position</b>	<b>As previously reported</b>	<b>Correction of error</b>	<b>Restated</b>		<b>As previously reported</b>	<b>Correction of error</b>	<b>Restated</b>
Inventories	16,338,779	-	16,338,779		12,278,737	-	12,278,737
Receivables from Exchange Transactions	156,583,261	1,800,852	158,384,113	P_01	160,618,254	-	160,618,254
Receivables from Non-exchange Transaction	2,983,600	794,351	3,777,951	P_02	1,786,130	794,351	2,580,481
Prepayments	66,708,404	(2,152,764)	64,555,640	P_03	66,448,997	(2,152,764)	64,296,233
VAT Receivable	35,363,666	2,682,680	38,046,346	P_04	35,363,666	2,682,680	38,046,346
Cash and Cash Equivalents	400,712,379	-	400,712,379		397,403,054	-	397,403,054
Property, Plant and Equipment	7,180,926,655	(100,241,457)	7,080,685,198	P_05	7,125,956,838	(101,446,620)	7,024,510,218
Intangible Assets	1,614,007	(170,967)	1,443,040	P_06	1,130,485	(170,967)	959,518
Heritage Assets	247,025	-	247,025		247,025	-	247,025
Biological Assets	13,173,660	-	13,173,660		-	-	-
Consumer Deposits	(3,694,728)	-	(3,694,728)		(3,694,728)	-	(3,694,728)
Employee Benefit Liabilities	(7,894,000)	(97,857,179)	(105,751,179)	P_07	(7,894,000)	(93,069,172)	(100,963,172)
Payables from Exchange Transactions	(499,225,233)	74,588,415	(424,636,818)	P_07	(495,806,253)	71,601,260	(424,204,993)
Payables from Non-exchange Transactions	(164,271,206)	(99,075,735)	(263,346,941)	P_08	(163,824,231)	(99,075,735)	(262,899,966)
Unspent Conditional Grants and Receipts	(245,945,879)	54,292,764	(191,653,115)	P_08	(245,743,310)	54,292,764	(191,450,546)
VAT Payable	(8,470,750)	-	(8,470,750)		-	-	-
Current Portion of finance Liabilities	(296,953)	(2,251,164)	(2,548,117)	P_09	-	(2,251,164)	(2,251,164)
Finance lease liabilities	(67,281)	(4,119,353)	(4,186,634)	P_09	-	(4,119,353)	(4,119,353)
Employee Benefit Liabilities	(143,524,861)	-	(143,524,861)		(143,524,861)	-	(143,524,861)
Accumulated surplus / (Deficit)	(6,508,963,177)	111,218,381	(6,397,744,796)	P_10	(6,436,906,042)	112,423,544	(6,324,482,499)
	292,297,368	(60,491,176)	231,806,191		303,839,761	(60,491,176)	243,348,584
<b>Statement of Financial Performance</b>	<b>As previously reported</b>	<b>Correction of error</b>	<b>Restated</b>		<b>As previously reported</b>	<b>Correction of error</b>	<b>Restated</b>
Service Charges	(300,164,216)	-	(300,164,216)		(300,164,216)	-	(300,164,216)
Rental of Facilities and Equipment	(323,478)	-	(323,478)		(7,170)	-	(7,170)
Interest Earned - External Investments	(15,656,903)	-	(15,656,903)		(15,461,947)	-	(15,461,947)
Interest Earned - Outstanding Debtors	(24,970,985)	-	(24,970,985)		(24,970,985)	-	(24,970,985)
Operational revenue	(13,128,776)	-	(13,128,776)		(1,637,882)	-	(1,637,882)
Income from Agency Services	(631,100)	-	(631,100)		(217,997)	-	(217,997)
Transfers and Subsidies Received	(1,735,795,592)	54,187,160	(1,681,608,432)	P_08	(1,735,088,460)	54,187,160	(1,680,901,300)
Employee Related Costs	805,575,562	-	805,575,562		760,630,872	-	760,630,872
Remuneration of Councillors and Board Members	21,211,997	-	21,211,997		20,384,515	-	20,384,515
Depreciation and Amortisation	241,817,191	(3,930,886)	237,886,305	P_11	236,402,150	(3,930,886)	232,471,264
Impairment Losses	33,856,165	-	33,856,165		33,764,752	-	33,764,752
Bad Debts Written off	19,587,153	-	19,587,153		19,587,153	-	19,587,153
Finance Costs	16,680,332	483,812	17,164,144	P_12	16,417,179	483,812	16,900,991
Bulk Purchases	42,386,303	(42,386,303)	-	P_13	42,386,303	(42,386,303)	-
Contracted Services	136,362,142	10,362,883	146,725,025	P_14	135,705,807	9,159,120	144,864,927
Transfers and Subsidies	238,573,028	13,204,790	251,777,818	P_15	283,129,735	12,905,621	296,035,356
Inventory Consumed	29,299,716	17,358,493	46,658,209	P_16	19,956,660	17,358,493	37,315,153
Inventory Losses		12,486,997	12,486,997	P_13	-	12,486,997	12,486,997
Operational Costs	210,127,753	(976,601)	209,151,152	P_17	200,022,886	227,162	200,250,048
(Gains)/Losses on Disposal of Property, Plant and E	4,747	-	4,747		(50,116)	-	(50,116)
Adjustments to Biological Assets	(2,956,707)	-	(2,956,707)		-	-	-
Gains - Biological Assets	-	(299,169)	(299,169)	P_15	-	-	-
Losses - Biological Assets	477,300	-	477,300		-	-	-
Actuarial Gain / (Loss)	5,371,000	-	5,371,000		5,371,000	-	5,371,000
	(292,297,368)	60,491,176	(231,806,192)		(303,839,760)	60,491,176	(243,348,584)

## OR Tambo District Municipality

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity			Controlling Entity		
	2022		2021 Restated*	2022		2021 Restated*
<b>46. Prior-year adjustments (Continued)</b>						
<b>Cash Flow Statement</b>	<b>As previously reported</b>	<b>Correction of error</b>	<b>Restated</b>	<b>As previously reported</b>	<b>Correction of error</b>	<b>Restated</b>
Service Charges	235,865,611	18,893,906	254,759,517	235,865,611	18,893,906	254,759,517
Interest income	27,294,158	-	27,294,158	27,099,202	-	27,099,202
Other receipts	28,921,993	(22,365,859)	6,556,134	22,928,714	(22,365,859)	562,855
Transfers and subsidies	1,582,382,103	(106,327,160)	1,476,054,943	1,593,860,677	(106,327,160)	1,487,533,517
Employee related costs	(800,197,044)	11,341,262	(788,855,782)	(754,424,872)	11,341,262	(743,083,610)
Remuneration of Councillors	(20,384,515)	-	(20,384,515)	(20,384,515)	-	(20,384,515)
Finance Costs	(807,332)	(483,812)	(1,291,144)	(544,179)	(483,812)	(1,027,991)
Suppliers Paid	(132,054,664)	22,633,039	(109,421,625)	(116,578,408)	22,633,039	(93,945,369)
Other payments	(295,364,138)	78,783,000	(216,581,138)	(351,845,156)	78,783,000	(273,062,156)
<b>Net cash flows from operating activities</b>	<b>625,656,173</b>	<b>2,474,376</b>	<b>628,130,549</b>	<b>635,977,074</b>	<b>2,474,376</b>	<b>638,451,450</b>
Purchase of property, plant and equipment	(562,394,750)	(8,844,893)	(571,239,643)	(561,630,280)	(8,844,893)	(570,475,173)
Proceeds on Disposal of Fixed Assets	101,976	-	101,976	100,733	-	100,733
Purchase of Intangible assets	(68,523)	-	(68,523)	-	-	-
Purchase of Biological assets	(2,096,900)	-	(2,096,900)	-	-	-
Proceeds on Disposal of Biological assets	3,126,064	-	3,126,064	-	-	-
<b>Net cash flows from investing activities</b>	<b>(561,332,133)</b>	<b>(8,844,893)</b>	<b>(570,177,026)</b>	<b>(561,529,547)</b>	<b>(8,844,893)</b>	<b>(570,374,440)</b>
Acquisitions of Long term loans	377,094	7,086,659	7,463,753	-	7,086,659	7,086,659
(Repayments) of Long term loans	(222,815)	(716,142)	(938,957)	-	(716,142)	-
<b>Net cash flows from financing activities</b>	<b>154,279</b>	<b>6,370,517</b>	<b>6,524,796</b>	<b>-</b>	<b>6,370,517</b>	<b>7,086,659</b>
Net increase/(decrease) in cash and cash equivalents	64,478,319	-	64,478,319	74,447,527	-	75,163,669
Cash and cash equivalents at the beginning of the year	336,234,058	-	336,234,058	322,955,527	-	322,955,527
<b>Cash and cash equivalents at the end of the year</b>	<b>400,712,377</b>	<b>-</b>	<b>400,712,377</b>	<b>397,403,054</b>	<b>-</b>	<b>398,119,196</b>

### Explanations

#### P\_01 - Receivables from Exchange Transactions

Receivables from Exchange Transactions were adjusted follows:

Receivables from Exchange Transactions	1,800,852	Reversal of elimination based on overstated balance.
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#### P\_02 - Receivables from Exchange Transactions

Receivables from Non-Exchange Transactions were adjusted follows:

Item	Amount	Comments
Payables from Non-exchange Transactions	593,915	Reclassification of debtors with credit balances
Accumulated Surplus	200,435	Clearing of Old suspense accounts
	<b>794,351</b>	

#### P\_03 - Prepayments

Prepayments were adjusted as follows:

Item	Amount	Comments
Prepayments	2,152,764	2021 invoices not deducted from the advances paid to Amatola water
	<b>2,152,764</b>	

#### P\_04 - VAT Receivables

VAT Receivable has been restated with the following:

Item	Amount	Comments
Prepayments	280,795	VAT on 2021 invoices not deducted from the advances paid to Amatola water
Trade Payables	1,254,727	VAT on accruals omitted in the prior year
Finance Leases	810,182	VAT Finance leases not recorded in the prior year
	<b>2,345,704</b>	

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Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*

#### 46. Prior-year adjustments (Continued)

##### P\_05 - Property Plant and Equipment

Property plant and equipment was restated with the following:

Item	Amount	Comments
Furniture and fixtures	144,331	Correction of accumulated depreciation and recording of omitted prior year accrual
Transport Assets	30,545	Recognition of a vehicle previously not recorded in the register.
IT equipment	(255)	Correction of accumulated depreciation.
Infrastructure	(235,483,810)	Reclassification of incomplete projects from completed asset register to WIP removal of duplicated project and KSD roads
Buildings and Others Assets	(133,981)	Reclassification of a generator buildings to Machinery and Equipment
Infrastructure WIP	128,501,321	Reclassification of incomplete projects from completed asset register to WIP and correction of Retention
Leased Equipment	5,477,611	Recording of Finance leases.
Machinery and Equipment	17,618	Reclassification of a generator previously recorded under buildings
	<b>(101,446,619)</b>	

##### P\_06 - Intangible assets:

Intangible assets were adjusted with the following:

Item	Amount	Comments
Depreciation	(170,967)	Correction of prior year amortisation
	<b>(170,967)</b>	

##### P\_07 - Employee Benefits Liabilities and Payables from Exchange transactions :

Payables from Exchange Transactions were adjusted with the following:

Item	Amount	Comments
Trade Creditors	(15,517,579)	Recording of accruals omitted in the prior year
Trade Creditors	(7,751,186)	PAYE Payment debited under Trade creditors instead of Salary control account under Payables from Non-Exchange
Leave Provision	97,857,179	Reclassification of Leave provision previously classified as Accounts payables
	<b>74,588,414</b>	

##### P\_08 - Payables from Non-Exchange transactions:

Payables from Non-Exchange Transactions were adjusted with the following:

Item	Amount	Comments
Trade Creditors	7,751,186	PAYE Payment debited under Trade creditors instead of Salary control account under Payables from Non-Exchange
Grant Income	(54,187,160)	Correction of prior year grant revenue with the amount withheld but not yet deducted from the Equitable Share.
Unspent Grants	(54,292,764)	Reclassification of Unspent Housing grant previously classified as Unspent conditional grant Elimination of
Payables from Non-exchange Transactions	(593,915)	Reclassification of debtors with credit balances
Accumulated Surplus	2,447,354	Clearing of Old suspense accounts
Accumulated Surplus	(200,435)	Clearing of Old suspense accounts
	<b>(99,075,734)</b>	

##### P\_09 - Long-Term Loans (Finance Leases)

Long-term loans were restated with the following:

Item	Amount	Comments
Current Portion	<b>(2,251,164)</b>	Recording of Xerox photocopiers not recorded as finance leases in the prior year.
Long term Portion	<b>(4,119,353)</b>	Recording of Xerox photocopiers not recorded as finance leases in the prior year.

##### P\_10 - Accumulated Surplus

Accumulated Surplus was restated with the following:

Item	Amount	Comments
Trade Creditors	477,534	Recording of accruals omitted in the prior year
Infrastructure assets	14,999,590	Removal of duplicated asset
Infrastructure assets	3,083	Removal of KSD roads erroneously included in ORT Infrastructure register.
Infrastructure assets	(18,701,166)	Reversal of Accum Depre. on incomplete projects transferred to completed assets
Buildings	(1,088,227)	Correction of Accum Depre for generators previously classified as buildings
Transport Assets	(233,696)	Addition of newly identified vehicles and removal of duplicated vehicles
Transport Assets	16,965	Correction of prior year depreciation calculation
Infrastructure assets WIP	118,191,654	Correction of WIP opening balance
Accounts Payables from Non-Exchange Transactions	(2,447,355)	Clearing of Old suspense accounts
	<b>111,218,381</b>	

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Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*

#### 46. Prior-year adjustments (Continued)

##### P\_11 - Depreciation and amortisation

Depreciation has been adjusted with the following:

Item	Amount	Comments
Transport Assets	186,187	Correction of prior year depreciation calculation
Computer Equipment	255	Correction of prior year depreciation calculation
Furniture and Office Equipment - Other	666,282	Correction of prior year depreciation calculation
Furniture and Office Equipment - Finance Leases	684,701	Depreciation for leased equipment omitted in the prior year.
Infrastructure	(5,638,704)	Reversal of depreciation on incomplete projects transferred to completed assets, duplicated assets and KSD roads.
Machinery and Equipment	(573)	Correction of prior year depreciation calculation
Intangible Assets	170,967	Correction of prior year depreciation calculation
	<b>(3,930,886)</b>	

##### P\_12 - Finance Costs

Item	Amount	Comments
Finance Lease Charges	159,120	Recording of Finance lease charges omitted in the prior year.
Interest on overdue accounts	324,693	Recording of Interest on overdue accounts omitted in the prior year.
	<b>483,812</b>	

##### P\_13 - Bulk Purchases

Inventory Consumed	17,193,954	Reclassification of sold water inventory
Transfers and Subsidies	12,705,352	Reclassification of Free Basic Water
Inventory Losses	12,486,997	Reclassification of Water Losses
	<b>42,386,303</b>	

##### P\_14 - Contracted Services

Contracted Services were adjusted with the following:

Item	Amount	Comments
Contracted Services	9,159,120	Recording of omitted creditors in the prior year.
Operational Costs	1,203,763	Reclassification of Contracted Services from Operational Costs
	<b>10,362,883</b>	

##### P\_15 - Transfers and Subsidies

Bulk Purchases	12,705,352	Reclassification of Free Basic Water
Transfers and Subsidies	200,270	Recording of omitted creditors in the prior year.
Transfers and Subsidies	299,169	Reversal of Biological gains eliminated in the prior year.
	<b>13,204,791</b>	

##### P\_16 - Inventory Consumed

Inventory Consumed was restated with the following:

Item	Amount	Comments
Trade Creditors	164,535	Recording of omitted creditors in the prior year.
Bulk Purchases	17,193,954	Reclassification of bulk purchases to Inventory consumed
	<b>17,358,489</b>	

##### P\_17 - Operational Costs

Operational Costs were restated with the following:

Item	Amount	Comments
Operational Costs	988,259	Recording of omitted creditors in the prior year.
Operational Costs - Rental	(761,097)	Correction of finance lease payments
Contracted Services	(1,203,763)	Reclassification of Contracted Services
	<b>(976,601)</b>	

#### Cash Flow Statement

Cash Flow Statement was affected by the changes mentioned above.

#### Capital Commitments

Capital commitments have been restated from R1 174 804 421 to R1 209 147 260.

#### Irregular Expenditure

Irregular Expenditure has been restated by R10 752 402 refer to note 54.

#### Fruitless and Wasteful Expenditure

Fruitless and Wasteful Expenditure has been restated by R14 794 095 being danger allowance paid to employees who worked during level 3 of lockdown.

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*

#### 47. Comparative figures

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 46).

#### 48. Risk management

##### Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### Liquidity risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met. Maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date.

Financial liabilities - Amortised at cost	2022	Less than 1 year	Between 2 and 5 years	Over 5 years
Payables from exchange transactions - Trade Creditors	387,415,022	387,415,022	-	-
Payables from exchange transactions - Retentions	67,765,203	67,765,203	-	-
Payables from exchange transactions - Other Creditors	6,803,410	6,803,410	-	-
Payables from Non-Exchange transactions	41,767,983	41,767,983	-	-
Consumer Deposits	3,312,153	3,312,153	-	-
Long-term and Current portion of Finance Lease Liabilities	2,481,182	2,481,182	1,705,452	-

Financial liabilities - Amortised at cost	2021	Less than 1 year	Between 2 and 5 years	Over 5 years
Payables from exchange transactions - Trade Creditors	317,309,520	317,309,520	-	-
Payables from exchange transactions - Retentions	75,227,712	75,227,712	-	-
Payables from exchange transactions - Other Creditors	3,591,329	3,591,329	-	-
Payables from Non-Exchange transactions	254,678,818	254,678,818	-	-
Consumer Deposits	3,694,728	3,694,728	-	-
Long-term and Current portion of Finance Lease Liabilities	2,548,117	2,548,117	4,186,634	-

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

Financial assets - Amortised at cost	2022	2021
Receivables from Exchange - Sewerage	28,589,909	27,652,060
Receivables from Exchange - Water	108,221,853	111,824,579
Receivables from Exchange - Other Receivables	17,344,522	19,589,697
Receivables from Non-Exchange - Short-term Loans	317,798	1,062,466
Receivables from Non-Exchange - Sundry debtors	1,068,251	2,715,485
Cash and cash equivalents - Call deposits	321,660,429	294,344,794
Cash and cash equivalents - Bank Balances	67,054,932	106,360,689
Cash and cash equivalents - Petty Cash	12,918	6,896

##### 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 receivables, consumer debtors, other debtors, bank and cash balances. The municipality limits its counterparty exposures from its money market investment operations by only dealing with registered banks (Absa Bank, First National Bank, Nedbank, Investec and Standard Bank). No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of service debtors, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment. In the case of debtors whose accounts become in arrears, it is endeavored 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. Consumer Deposits are increased accordingly. The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates. The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

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	2022	2021 Restated*	2022	2021 Restated*

#### 48. Risk management (Continued)

##### Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates.

##### Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

Surplus for the year ended 30 June 2022 would have increased / decreased by R3 152 366 (30 June 2021: R2 344 073). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

##### Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly. Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

##### Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank, Standard Bank and Investec. No investments with a tenure exceeding twelve months are made.

##### Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for sewerage and water services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings. The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties they have been included in the Provision for Impairment of Consumer Debtors.

#### 49. Going concern

The inter-governmental relations between the National Treasury and other grant transferring departments have improved since the inauguration of the new council. The equitable share and other conditional grants withheld were released to the municipality. The municipality is however still technical insolvent as the total for current liabilities surpasses the total for current assets.

#### 50. Events after the reporting date

The employment contract of the current municipal manager is coming to an end in October 2021.

#### 51. Private Public Partnerships

The municipality was not a party to any Private Public Partnerships during the year under review.

**OR Tambo District Municipality**

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**Notes to the Consolidated Annual Financial Statements**

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>52. Unauthorised expenditure</b>				
Opening balance	6,337,427	19,777,960	6,337,427	19,777,960
Add: Unauthorised expenditure current year - per vote	31,851,661	1,197,150	31,851,661	1,197,150
Less: Amounts written off	-	(14,637,683)	-	(14,637,683)
Less: Amounts recovered	-	-	-	-
	<b>38,189,089</b>	<b>6,337,427</b>	<b>38,189,089</b>	<b>6,337,427</b>
<b>53. Fruitless and wasteful expenditure</b>				
Opening balance	50,751,024	28,345,626	50,749,472	28,309,835
Add: Fruitless expenditure current year - Interest Paid	5,148,690	868,871	5,148,690	868,871
Add: Fruitless expenditure current year - Other	399,040	22,500,764	399,040	22,500,764
Less: Amounts written off	-	(929,999)	-	(929,999)
Less: Amounts recovered (not condoned)	-	(34,239)	-	-
	<b>56,298,754</b>	<b>50,751,024</b>	<b>56,297,202</b>	<b>50,749,472</b>

**Controlling Entity**

**2022:** The fruitless and wasteful expenditure relates to: Interest paid to the Eskom, KSD Municipality and Telkom overdue accounts as well as SARS. The "Other Expenses" relate to damages and traffic fines on paid on hired vehicles.

**2021:** Other Expenses: The R22 500 764 relates to R14 794 095 being danger allowance paid to employees who worked during level 3 of lockdown as well as R7 706 669 being unrecovered amount of fraudulent payments made by a former employee who was sentenced in 2021.

**Controlled Entity**

<u>Incidents</u>	<u>Disciplinary steps taken/criminal proceedings</u>
Fruitless and wasteful expenditure relates to eleven cows that were transferred to Umzikantu Red Meat Abattoir from Adam Kok Farms for slaughtering and selling. It was discovered that they were vaccinated and were not suitable for sale and human consumption.	Affected employees were found to have been negligent and sanction was passed that the loss must be recovered from them. Recovery of money will be implemented in the 2019/2020 financial year.
Fruitless and wasteful expenditure relates Legal fees incurred on collection of Red Meat Levy due.	Letters will be written to the affected employees as to why these legal fees of R 1,552.00 can not be recovered from them.

**54. Irregular expenditure**

Restated Opening balance	1,690,797,633	1,980,397,396	1,689,224,929	1,979,040,409
Add: Irregular Expenditure - current year	113,266,215	250,075,713	113,266,215	249,859,996
Irregular Expenditure relating to contracts awarded in the current period	1,357,970	75,200,418	1,357,970	74,984,701
Irregular Expenditure relating to contracts awarded in prior periods	111,908,245	174,875,295	111,908,245	174,875,295
Restatements - Irregular Expenditure current year	-	10,759,298	-	10,752,402
Irregular Expenditure relating to contracts awarded in the current period	-	5,238,619	-	5,231,723
Irregular Expenditure relating to contracts awarded in prior periods	-	5,520,679	-	5,520,679
Less: Amounts written off	-	(550,427,878)	-	(550,427,878)
Amounts written off - current period	-	-	-	-
Amounts written off - prior periods	-	(550,427,878)	-	(550,427,878)
	<b>1,804,063,848</b>	<b>1,690,804,529</b>	<b>1,802,491,144</b>	<b>1,689,224,929</b>

<b>Details of irregular expenditure - current year</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2022</b>	<b>2021</b>
<b>Controlling Entity</b> - Expenditure contrary to SCM Procedures on inviting of Quotations - R9 512 646 (2021: R60 859 878)	No actions taken - to be submitted to Council for condonement.	9,512,647	60,859,878
<b>Controlling Entity</b> - Expenditure contrary to SCM Procedures on awarding of Contracts - R103 753 568 (2021: R199 752 520)	No actions taken - to be submitted to Council for condonement.	103,753,568	199,752,520
		<b>113,266,215</b>	<b>260,612,398</b>



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Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*

#### 55. Additional disclosure in terms of Municipal Finance Management Act

##### Contributions to organised local government - SALGA

Opening balance	7,279,748	6,441,720	7,279,748	6,441,720
Current year subscription / fee	(7,279,748)	(6,441,720)	(7,279,748)	(6,441,720)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

##### Audit fees

Opening balance	-	-	-	-
Current year subscription / fee	15,299,336	13,989,267	13,153,876	12,072,760
Amount paid - current year	(12,447,089)	(13,989,267)	(11,853,365)	(12,072,760)
	<u>2,852,247</u>	<u>(0)</u>	<u>1,300,511</u>	<u>(0)</u>

The balance unpaid represents the audit fee for an audit conducted during May and June 2022 and is payable by 31 July 2022.

##### PAYE and UIF

Opening balance	782,855	661,945	175,817	-
Current year subscription / fee	160,326,632	168,240,643	151,714,071	158,866,688
Amount paid - current year	(160,169,332)	(168,119,733)	(151,714,071)	(158,690,871)
Amount paid - previous years	(175,817)	-	(175,817)	-
	<u>764,338</u>	<u>782,855</u>	<u>-</u>	<u>175,817</u>

The balance represents PAYE, SDL and UIF deducted from the June 2022 payroll. These amounts were paid during July 2022.

##### Pension and Medical Aid Deductions

Opening balance	110,760	72,549	-	-
Current year subscription / fee	146,218,166	142,188,552	141,606,943	137,175,543
Amount paid - current year	(146,215,051)	(142,150,341)	(141,606,943)	(137,175,543)
	<u>113,875</u>	<u>110,760</u>	<u>-</u>	<u>-</u>

##### VAT

VAT receivable	59,966,711	38,046,346	59,966,711	38,046,346
VAT Payable	(13,502,173)	(8,470,750)	-	-
	<u>46,464,538</u>	<u>29,575,596</u>	<u>59,966,711</u>	<u>38,046,346</u>

The net of VAT input payables and VAT output receivables are shown in Note 6. All VAT returns have been submitted by the due date throughout the year.

##### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2022:

30 June 2021	Outstanding more than 90 days		Outstanding more than 90 days	
		Total		Total
Giyose R.M.	35,423	35,423	35,423	35,423
Sokanyile T.	2,661	2,661	2,661	2,661
Ngqongwa N.	602	602	602	602
Mdledle N.U.	1,367	1,367	1,367	1,367
	<u>40,052</u>	<u>40,052</u>	<u>40,052</u>	<u>40,052</u>

30 June 2020	Outstanding more than 90 days		Outstanding more than 90 days	
		Total		Total
Giyose R.M.	31,178	31,178	31,178	31,178
Tshotsho L.B.	41,501	41,501	41,501	41,501
	<u>72,679</u>	<u>72,679</u>	<u>72,679</u>	<u>72,679</u>

#### 56. Deviation from supply chain management regulations

Paragraph 12(1) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of written/verbal quotations, formal written quotations and a competitive bidding process, depending on the specified threshold values.

Paragraph 36 of the above mentioned gazette also provides that the accounting officer may dispense with the official procurement process in certain circumstances provided that he/she records the reasons for any deviations, reports them to the next meeting of the Council and include as a note to the financial statements.

Various items were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12 (1) as stated above. The reasons for the deviations were documented and reported to the Accounting Officer who considered them and subsequently approved the deviations from the normal supply chain management regulation. These deviations have also been reported to Council. The reasons for the deviations were mainly due to emergency cases, sole/single suppliers and impracticality in following the official procurement processes.

## OR Tambo District Municipality

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### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*
<b>56. Deviation from supply chain management regulations (Continued)</b>				
<b>Incident</b>				
Emergency in terms of SCM Policy	779,134	54,776,442	779,134	54,776,442
Impractical to obtain quotations	19,660,653	16,172,341	11,174,176	6,424,052
	<u>20,439,787</u>	<u>70,948,783</u>	<u>11,953,310</u>	<u>61,200,494</u>

**Controlling Entity (ORT DM):** The impractical deviations relate to maintenance of municipal vehicles that are still under warranty terms and conditions which require them to be serviced at approved dealership workshops.

**Controlled Entity (Ntinga):** The impractical deviations relate to procurement of livestock from farmers and auctions where it was impractical to follow normal procurement processes such as requesting for at least three quotations.

### 57. Separate Financial Statements

The OR Tambo DM does not meet all the requirements for preparing separate Financial Statements in line with paragraph 5 of GRAP 35 read in conjunction with paragraph 18 of GARP 34 therefore cannot elect to prepare separate financial statements. OR Tambo DM is not a subsidiary of another entity, therefore may not elect not to consolidate the Ntinga and OR Tambo DM AFS as there is no other parent entity that will prepare consolidation other than OR Tambo DM itself.

### 58. Consolidated Financial Statements

In line with requirements of GRAP 35 the OR Tambo DM will prepare consolidated annual financial statements as it has a wholly subsidiary (Ntinga) and it is itself (OR Tambo DM) not a subsidiary of another entity.

### 59. Disclosure of Interests in Other Entities

The OR Tambo DM did not have any interests in other entities except for Ntinga development Agency which is accounted for in terms of GRAP 35 (Consolidated Financial Statements) at end of June 2022.

The significant judgements and assumptions - Methodology used to determine that OR Tambo DM has control of another entity

OR Tambo DM used the "Rights to relevant activities" method to determine the control of Ntinga development Agency and this is evidenced by the fact that OR Tambo DM has:

- Rights to give policy direction to board of directors to direct the relevant activities of Ntinga Development Agency
- Rights to appoint, reassign or remove Board members of Ntinga Development Agency
- Rights to approve or veto operating and capital budgets relating to the relevant activities of Ntinga Development Agency
- Rights to direct Ntinga Development Agency to enter into, or veto any changes to, transactions for its benefits.
- Rights to veto key changes to Ntinga Development Agency, such as the sale of a major asset

#### Interests in controlled entities

- Ntinga Development Agency is wholly owned by the OR Tambo DM and does not have a controlled entity therefore on consolidation the economic entity only comprise of OR Tambo DM and Ntinga Development Agency.
- Ntinga Development Agency can only access or use assets, and settle its own liabilities and not those of the economic entity while the OR Tambo DM can access the assets of the economic entity to settle liabilities.
- OR Tambo DM as the only holder of Ntinga development Agency is the ultimately responsible for the risks associated with its interests in Ntinga development Agency.
- There were no changes in the ownership interest in Ntinga development Agency that do not result in a loss of control during the current financial year

### 60. Living and Non-living resources

#### Non-living resources

##### Water

OR Tambo DM purchases water from the Department of Water Affairs, stored in reservoirs and sold or distributed to the community. This water is accounted for in line with GRAP 12 because it has not been extracted from its natural source.

##### Minerals, oils and gas and other non-regenerative resources

OR Tambo DM's land has not been explored to determine whether it contains deposits of minerals, oil and gas, or other non-regenerative resources. The land owned by the municipality is therefore disclosed under Property, Plant and Equipment in line with GRAP 17. There is no available evidence that the OR Tambo DM's land contain minerals, oils and gas and other non-regenerative resources therefore municipality does not have non-living resources.

##### Living resources

All OR Tambo DM's living resources are in the custodianship of its municipal entity (Ntinga Development Agency) and will be accounted for in the Consolidated Annual Financial Statement in line with GRAP 27.

## OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2022

### Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic Entity		Controlling Entity	
	2022	2021 Restated*	2022	2021 Restated*

#### 61. Bulk Water Losses in terms of section 125 of the MFMA

	Lost Units	Tariff	Value	Lost Units	Tariff	Value
30 June 2022 - Unaccounted Water Losses	7,575,938	1.51	11,439,666	7,575,938	1.51	11,439,666
30 June 2021 - Unaccounted Water Losses	7,477,244	1.67	12,486,997	7,477,244	1.67	12,486,997

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

#### Volumes in KL / year

	2022	2021 Restated*	2022	2021 Restated*
Water Inventory - opening balance	86,227	100,096	86,227	100,096
System Input volume	27,187,280	25,192,372	27,187,280	25,192,372
Billed Consumption	(10,196,949)	(10,122,049)	(10,196,949)	(10,122,049)
Free Basic Water provided	(9,419,526)	(7,606,948)	(9,419,526)	(7,606,948)
Water Inventory - closing balance	(81,094)	(86,227)	(81,094)	(86,227)
Distribution loss	(7,575,938)	(7,477,244)	(7,575,938)	(7,477,244)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Percentage Distribution Loss	-28%	-30%	-28%	-30%

#### 62. Segment Reporting

##### Controlling Entity

##### Factors used to identify reportable segment

In Identifying the reportable segments the municipality assessed all its activities in all departments to determine whether they meet the definition of a segment or not. At the end of this process the municipality came to a conclusion that only three activities that meet the definition of a segment, and these are water services, Sanitation services as well as Fire and Rescue services.

##### Aggregation of Segments

Water and Sanitation segments have been aggregated because certain expenditure items for these items are not separated and based on that fact that these services are similar in nature, management took a decision to group these activities under one segment.

##### Services rendered by segments

##### Water and Sanitation

Water and Sanitation segment provides water and sanitation services to King Sabata Dalindyebo, Mhlontlo, Nyandeni, Port Saint Johns and Ingquza Hill municipalities. Consumers and billed on a monthly basis for the availability of the service and consumption.

##### Fire and Rescue

Fire and Rescue segment provides fire and emergency services to King Sabata Dalindyebo, Mhlontlo, Nyandeni, Port Saint Johns and Ingquza Hill municipalities. This services is provided for free.

##### Financial Information

The financial information of the reportable segments is presented under annexure "A"

##### Controlled Entity

The Entity is organised into four strategic goals and under these goals there are four main segments with main activities and geographical location described as follows:

- Umzikantu Red Meat Abattoir. It is based in Mthatha and its main activity is the provision of slaughter services as well as meat sales.
- Adam Kok Farms. Farms are based in Kokstad and are operated for livestock and crop production.
- Kei Fresh Produce Market. The market is based in Mthatha. It is platform wherein farmers bring their produce for sale. The Entity generates as revenue commission on sales. Space and equipment are also rented out at a fee.
- The Entity's mandate includes the repairs and maintenance of water schemes. The function is funded by the parent municipality and the Entity is paid for work done. The Entity is also acting as a paymaster for operators appointed by the parent municipality and generates revenue in the form of implementation fees.

Segments are aggregated for reporting purposes. Information reported about these segments is used for evaluating the segments' performance and for making decisions about the allocation of resources.

## OR Tambo District Municipality

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Consolidated Annual Financial Statements for the year ended 30 June 2022

### Notes to the Consolidated Annual Financial Statements

63. Economic Entity Cash flow Workings	2022				2021	
	Controlling Entity	Controlled Entity	Total	Inter-Co. Transactions	Economic Entity	Economic Entity
<b>Receipts</b>						
Service Charges	214,676,177	-	214,676,177	-	214,676,177	254,759,517
Interest income	22,820,598	112,397	22,932,995	-	22,932,995	27,294,158
Operational receipts	4,247,841	14,549,332	18,797,173	(670,824)	18,126,349	6,556,134
Transfers and subsidies	1,585,487,924	46,767,379	1,632,255,303	(48,704,986)	1,583,550,317	1,476,054,944
Public Contributions and Donations	-	-	-	-	-	-
	<u>1,827,232,540</u>	<u>61,429,108</u>	<u>1,888,661,648</u>	<u>(49,375,810)</u>	<u>1,839,285,838</u>	<u>1,764,664,754</u>
<b>Payments</b>						
Employee related costs	(728,352,419)	(43,888,387)	(772,240,806)	-	(772,240,806)	(788,855,782)
Remuneration of Councillors	(19,456,433)	-	(19,456,433)	-	(19,456,433)	(20,384,515)
Finance Costs	(5,523,311)	(110,166)	(5,633,477)	-	(5,633,477)	(1,291,144)
Suppliers Paid	(69,848,068)	(16,692,077)	(86,540,145)	670,824	(85,869,321)	(109,421,625)
Other payments	(561,006,443)	-	(561,006,443)	48,704,986	(512,301,457)	(216,581,137)
	<u>(1,384,186,674)</u>	<u>(60,690,630)</u>	<u>(1,444,877,304)</u>	<u>49,375,810</u>	<u>(1,395,501,494)</u>	<u>(1,136,534,203)</u>
<b>Net cash flows from operating activities</b>	443,045,866	738,478	443,784,344	-	443,784,344	628,130,551
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(459,070,556)	(126,114)	(459,196,670)	-	(459,196,670)	(571,239,643)
Proceeds on Disposal of Fixed Assets	4,674,157	1,256,240	5,930,397	-	5,930,397	101,976
Purchase of other intangible assets	-	-	-	-	-	(68,523)
Purchases of heritage assets	-	-	-	-	-	-
Purchase of Biological assets	-	(218,347)	(218,347)	-	(218,347)	(2,096,900)
Proceeds on Disposal of Biological assets	-	264,291	264,291	-	264,291	3,126,064
<b>Net cash flows from investing activities</b>	<u>(454,396,399)</u>	<u>1,176,070</u>	<u>(453,220,329)</u>	<u>-</u>	<u>(453,220,329)</u>	<u>(570,177,026)</u>
<b>Cash flows from financing activities</b>						
(Repayments) / Acquisitions of Long term loans	-	-	-	-	-	7,463,753
(Decrease) / Increase in Long-term receivables	(2,251,164)	(296,951)	(2,548,115)	-	(2,548,115)	(938,957)
	<u>(2,251,164)</u>	<u>(296,951)</u>	<u>(2,548,115)</u>	<u>-</u>	<u>(2,548,115)</u>	<u>6,524,796</u>
Net increase/(decrease) in cash and cash equivalents	(13,601,697)	1,617,597	(11,984,100)	-	(11,984,100)	64,478,320
Cash and cash equivalents at the beginning of the year	397,403,054	13,278,532	410,681,586	-	410,681,586	336,234,059
Cash and cash equivalents at the end of the year	<u>383,801,357</u>	<u>14,896,129</u>	<u>398,697,486</u>	<u>-</u>	<u>398,697,486</u>	<u>400,712,379</u>

#### Inter-Company transactions

##### Operational receipts

The R670 824 relates to consulting fees charged by the Ntinga Development Agency to OR Tambo DM the work performed on infrastructure projects.

##### Transfers and subsidies

The R48.7 million relates to R46.7 grants received from OR Tambo DM and R1.98 million for unspent ORT grant in Ntinga.

##### Suppliers Paid

The R670 824 relates to fees paid to Ntinga for the work performed on infrastructure projects.

##### Other payments

The R48.7 million relates to R46.7 grants received from OR Tambo DM and R1.98 million for unspent ORT grant in Ntinga.

## OR Tambo District Municipality

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## Annexure "A"

### Segment Statement of Financial Performance - Economic Entity

Figures in Rand	Water & Sanitation	Fire & Rescue	Umzikantu Red Meat Abattoir	Adam kok Farms	Kei Fresh Produce Market	Other Departments	Totals 2022	2021 *Restated
<b>REVENUE</b>								
<b>Revenue from Exchange Transactions</b>								
Service Charges	303,752,916	-	-	-	-	-	303,752,916	300,164,216
Rental of Facilities and Equipment	-	-	-	-	381,817	33,855	415,672	323,478
Interest Earned - External Investments	-	-	-	-	-	10,902,473	10,902,473	15,656,903
Interest Earned - Outstanding Debtors	32,877,677	-	-	-	-	-	32,877,677	24,970,985
Operational revenue	-	-	12,963,761	243,380	-	3,650,932	16,858,073	13,128,776
Income from Agency Services	-	-	-	-	163,866	203,152	367,018	631,100
<b>Total revenue from exchange transactions</b>	<b>336,630,593</b>	<b>-</b>	<b>12,963,761</b>	<b>243,380</b>	<b>545,683</b>	<b>14,790,412</b>	<b>365,173,829</b>	<b>354,875,458</b>
<b>Revenue from Non-exchange Transactions</b>								
Government Grants and Subsidies Received	561,565,984	-	-	-	-	963,152,680	1,524,718,664	1,681,608,432
<b>Total revenue from non-exchange transactions</b>	<b>561,565,984</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>963,152,680</b>	<b>1,524,718,664</b>	<b>1,681,608,432</b>
<b>Total revenue</b>	<b>898,196,577</b>	<b>-</b>	<b>12,963,761</b>	<b>243,380</b>	<b>545,683</b>	<b>977,943,092</b>	<b>1,889,892,493</b>	<b>2,036,483,890</b>
<b>EXPENDITURE</b>								
Employee Related Costs	(306,182,437)	(53,382,223)	(3,408,075)	(4,941,376)	(3,645,636)	(404,084,093)	(775,643,839)	(805,575,562)
Remuneration of Councillors	-	-	-	-	-	(20,297,202)	(20,297,202)	(21,211,997)
Depreciation and Amortisation	(227,994,405)	(128,527)	(324,678)	-	(673,006)	(7,789,211)	(236,909,826)	(237,886,305)
Impairment Losses	(83,514,358)	-	-	-	-	(18,996,817)	(102,511,175)	(33,856,165)
Bad Debts Written off	(12,666,625)	-	-	-	-	-	(12,666,625)	(19,587,153)
Finance Costs	(5,148,690)	-	-	-	-	(16,670,787)	(21,819,477)	(17,164,144)
Contracted Services	(15,092,440)	(366,000)	-	-	-	(112,537,232)	(127,995,672)	(146,725,025)
Transfers and subsidies	(41,908,418)	(2,898,514)	-	-	-	(8,888,909)	(53,695,841)	(251,777,818)
Inventory Consumed	(34,149,991)	-	-	-	-	(12,643,873)	(46,793,864)	(46,658,209)
Inventory Losses	(11,439,667)	-	-	-	-	-	(11,439,667)	(12,486,997)
Operational Costs	(104,261,580)	(233,868)	-	-	-	(103,350,922)	(207,846,370)	(209,151,152)
<b>Total expenditure</b>	<b>(842,358,611)</b>	<b>(57,009,132)</b>	<b>(3,732,752)</b>	<b>(4,941,376)</b>	<b>(4,318,641)</b>	<b>(705,259,045)</b>	<b>(1,617,619,558)</b>	<b>(1,802,080,527)</b>
<b>Operating surplus</b>	<b>55,837,966</b>	<b>(57,009,132)</b>	<b>9,231,009</b>	<b>(4,697,996)</b>	<b>(3,772,958)</b>	<b>272,684,047</b>	<b>272,272,935</b>	<b>234,403,363</b>
Actuarial Gain / (Loss)	5,804,580	1,012,016	-	-	-	7,047,405	13,864,000	(5,371,000)
Gains / (Losses) on Disposal of Property, Plant and Equipment	635,028	358	-	-	-	9,808	645,194	(4,747)
Biological Assets - Adjustments	-	-	-	5,716,732	-	-	5,716,732	2,956,707
Biological Assets - Gains	-	-	-	-	-	1,203,559	1,203,559	299,169
Biological Assets - Losses	-	-	-	(460,180)	-	-	(460,180)	(477,300)
Reversal of Impairment	26,666	-	-	-	-	-	26,666	-
	<b>6,466,274</b>	<b>1,012,374</b>	<b>-</b>	<b>5,256,552</b>	<b>-</b>	<b>8,260,772</b>	<b>20,995,971</b>	<b>(2,597,171)</b>
<b>Surplus for the year</b>	<b>62,304,239</b>	<b>(55,996,758)</b>	<b>9,231,009</b>	<b>558,556</b>	<b>(3,772,958)</b>	<b>280,944,819</b>	<b>293,268,906</b>	<b>231,806,192</b>

**OR Tambo District Municipality**

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2022

**Annexure "A"**

**Segment Statement of Financial Position as at 30 June 2022 - Economic Entity**

Figures in Rand	Water & Sanitation	Fire & Rescue	Umzikantu Red Meat Abattoir	Adam kok Farms	Kei Fresh Produce Market	Other Departments	Totals 2021	2021 *Restated
<b>CURRENT ASSETS</b>								
Inventories	122,452	-	-	-	-	15,684,065	15,806,517	16,338,779
Receivables from Exchange Transactions	141,538,534	-	-	-	-	17,344,523	158,883,057	158,384,113
Receivables from Non-exchange Transactions	1,372,688	-	-	-	-	13,360	1,386,048	3,777,951
Prepayments	306,442	-	-	-	-	259,408	565,850	64,555,640
VAT Receivable	59,021,808	33,272	-	-	-	911,631	59,966,711	38,046,346
Cash and Cash Equivalents	231,673,735	-	-	-	-	157,054,544	388,728,279	400,712,379
	<b>434,035,659.03</b>	<b>33,272.23</b>	-	-	-	<b>191,267,530.74</b>	<b>625,336,462.31</b>	<b>681,815,207</b>
<b>NON-CURRENT ASSETS</b>								
Property, Plant and Equipment	7,134,445,068	4,021,884	-	-	-	161,442,413	7,299,909,365	7,080,685,198
Intangible Assets	-	-	-	-	-	856,406	856,406	1,443,040
Heritage Assets	-	-	-	-	-	247,025	247,025	247,025
Biological Assets	-	-	-	14,567,854	-	-	14,567,854	13,173,660
	<b>7,134,445,068.00</b>	<b>4,021,884.00</b>	-	<b>14,567,853.51</b>	-	<b>162,545,844.00</b>	<b>7,315,580,649.51</b>	<b>7,095,548,923.14</b>
<b>TOTAL ASSETS</b>	<b>7,568,480,727.03</b>	<b>4,055,156.23</b>	-	<b>14,567,853.51</b>	-	<b>353,813,374.74</b>	<b>7,940,917,111.82</b>	<b>7,777,364,131</b>
<b>CURRENT LIABILITIES</b>								
Consumer Deposits	3,312,153	-	-	-	-	-	3,312,153	3,694,728
Employee Benefit Liabilities - Current portion	42,250,991	7,366,366	-	-	-	56,958,863	106,576,220	105,751,179
Payables from Exchange Transactions	-	-	-	-	-	493,495,013	493,495,013	424,636,811
Payables from Non-exchange Transactions	1,372,688	-	-	-	-	40,395,295	41,767,983	263,346,947
Unspent Conditional Grants and Receipts	185,206,016	-	-	-	-	3,226,568	188,432,584	191,653,115
VAT Payable	-	-	-	-	-	13,502,173	13,502,173	8,470,750
Current Portion of Long-term Liabilities	2,375,865	1,339	-	-	-	103,978	2,481,182	2,548,117
	<b>234,517,712.97</b>	<b>7,367,705.15</b>	-	-	-	<b>607,681,890.36</b>	<b>849,567,308.47</b>	<b>1,000,101,647</b>
<b>NON-CURRENT LIABILITIES</b>								
Long-term liabilities	714,039	124,491	-	-	-	866,921	1,705,451	4,186,634
Employee Benefit Liabilities	62,319,266	10,865,225	-	-	-	75,662,509	148,847,000	143,524,861
	<b>63,033,305</b>	<b>10,989,716</b>	-	-	-	<b>76,529,430</b>	<b>150,552,451</b>	<b>147,711,495</b>
<b>TOTAL LIABILITIES</b>	<b>297,551,018</b>	<b>18,357,421</b>	-	-	-	<b>684,211,321</b>	<b>1,000,119,759</b>	<b>1,147,813,142</b>
Net Assets	<b>7,270,929,709</b>	<b>14,302,265</b>	-	<b>14,567,854</b>	-	<b>330,397,946</b>	<b>6,940,797,353</b>	<b>6,629,550,989</b>
Accumulated surplus / (Deficit)	7,270,929,709.20	(14,302,264.63)	-	14,567,853.51	-	(348,375,402.62)	6,922,819,895.47	6,629,550,989
Revaluation Surplus	-	-	-	-	-	17,977,458	17,977,458.00	-
	<b>7,270,929,709</b>	<b>(14,302,265)</b>	-	<b>14,567,854</b>	-	<b>(330,397,946)</b>	<b>6,940,797,353</b>	<b>6,629,550,989</b>

## OR Tambo District Municipality

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2021

## Annexure "A"

### Segment Statement of Financial Performance - Economic Entity

Figures in Rand	Water & Sanitation	Fire & Rescue	Umzikantu Red Meat Abattoir	Adam kok Farms	Kei Fresh Produce Market	Other Departments	Totals 2022
<b>REVENUE</b>							
<b>Revenue from Exchange Transactions</b>							
Service Charges	300,164,216	-	-	-	-	-	300,164,216
Rental of Facilities and Equipment	-	-	-	-	316,308	7,170	323,478
Interest Earned - External Investments	-	-	-	-	-	15,656,903	15,656,903
Interest Earned - Outstanding Debtors	24,970,985	-	-	-	-	-	24,970,985
Operational revenue	503,133	-	10,775,676	476,914	-	1,373,053	13,128,776
Income from Agency Services	-	-	-	-	413,103	217,997	631,100
<b>Total revenue from exchange transactions</b>	<b>325,638,334</b>	<b>-</b>	<b>10,775,676</b>	<b>476,914</b>	<b>729,411</b>	<b>17,255,123</b>	<b>354,875,458</b>
<b>Revenue from Non-exchange Transactions</b>							
Government Grants and Subsidies Received	1,668,587,160	-	-	-	-	13,021,272	1,681,608,432
<b>Total revenue from non-exchange transactions</b>	<b>1,668,587,160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,021,272</b>	<b>1,681,608,432</b>
<b>Total revenue</b>	<b>1,994,225,494</b>	<b>-</b>	<b>10,775,676</b>	<b>476,914</b>	<b>729,411</b>	<b>30,276,395</b>	<b>2,036,483,890</b>
<b>EXPENDITURE</b>							
Employee Related Costs	(293,920,255)	(53,834,111)	(3,206,493)	(4,049,955)	(3,675,645)	(446,889,103)	(805,575,562)
Remuneration of Councillors	-	-	-	-	-	(21,211,997)	(21,211,997)
Depreciation and Amortisation	(227,546,497)	(141,340)	(300,466)	-	(751,778)	(9,146,224)	(237,886,304)
Impairment Losses	(33,764,752)	-	-	-	-	(91,413)	(33,856,165)
Bad Debts Written off	(19,587,153)	-	-	-	-	-	(19,587,153)
Finance Costs	(868,871)	-	-	-	-	(16,295,273)	(17,164,144)
Contracted Services	(48,865,685)	(3,321,678)	-	-	-	(94,537,662)	(146,725,025)
Transfers and subsidies	(192,193,542)	(2,501,700)	-	-	-	(57,082,576)	(251,777,818)
Inventory Consumed	(19,376,897)	-	-	-	-	(27,281,312)	(46,658,209)
Inventory Losses	(12,486,997)	-	-	-	-	-	(12,486,997)
Operational Costs	(81,452,032)	(1,159,989)	-	-	-	(126,539,131)	(209,151,152)
<b>Total expenditure</b>	<b>(930,062,681)</b>	<b>(60,958,818)</b>	<b>(3,506,959)</b>	<b>(4,049,955)</b>	<b>(4,427,423)</b>	<b>(799,074,691)</b>	<b>(1,802,080,526)</b>
<b>Operating surplus</b>	<b>1,064,162,813</b>	<b>(60,958,818)</b>	<b>7,268,717</b>	<b>(3,573,041)</b>	<b>(3,698,012)</b>	<b>(768,798,296)</b>	<b>234,403,364</b>
Actuarial Gain / (Loss)	(2,075,443)	(380,136)	-	-	-	(2,915,422)	(5,371,000)
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	(54,863)	(54,863)
Gain on Disposal of Property, Plant and Equipment	49,054	30	-	-	-	1,031	50,116
Biological Assets - Adjustments	-	-	-	-	-	2,956,707	2,956,707
Biological Assets - Gains	-	-	-	-	-	299,169	299,169
Biological Assets - Losses	-	-	-	-	-	(477,300)	(477,300)
Reversal of Impairment	-	-	-	-	-	-	-
	<b>(2,026,388)</b>	<b>(380,105)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(190,677)</b>	<b>(2,597,171)</b>
<b>Surplus for the year</b>	<b>1,062,136,425</b>	<b>(61,338,923)</b>	<b>7,268,717</b>	<b>(3,573,041)</b>	<b>(3,698,012)</b>	<b>(768,988,973)</b>	<b>231,806,193</b>

**OR Tambo District Municipality**

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2021

**Annexure "A"**

**Segment Statement of Financial Position as at 30 June 2021 - Economic Entity**

Figures in Rand	Water & Sanitation	Fire & Rescue	Umzikantu Red Meat Abattoir	Adam kok Farms	Kei Fresh Produce Market	Other Departments	Totals 2021
<b>CURRENT ASSETS</b>							
Inventories	144,858	-	3,808	328,586	-	15,861,527	16,338,779
Receivables from Exchange Transactions	139,476,639	-	205,800	-	366,276	18,335,398	158,384,113
Receivables from Non-exchange Transactions	2,097,127	-	-	-	-	1,680,824	3,777,951
Prepayments	64,296,233	-	-	-	-	259,407	64,555,640
VAT Receivable	37,240,356	23,132	-	-	-	782,858	38,046,346
Cash and Cash Equivalents	283,886,063	-	230,249	112,414	633,091	115,850,562	400,712,379
	<b>527,141,276.49</b>	<b>23,131.70</b>	<b>439,856.72</b>	<b>441,000.00</b>	<b>999,366.88</b>	<b>152,770,575.97</b>	<b>681,815,207.75</b>
<b>NON-CURRENT ASSETS</b>							
Property, Plant and Equipment	6,875,700,091	4,270,813	2,386,368	-	3,989,041	194,338,885	7,080,685,198
Intangible Assets	-	-	-	-	-	1,443,040	1,443,040
Heritage Assets	-	-	-	-	-	247,025	247,025
Biological Assets	-	-	-	13,173,660	-	-	13,173,660
	<b>6,875,700,091.00</b>	<b>4,270,813.00</b>	<b>2,386,368.00</b>	<b>13,173,660.00</b>	<b>3,989,041.00</b>	<b>196,028,950.00</b>	<b>7,095,548,923.00</b>
<b>TOTAL ASSETS</b>	<b>7,402,841,367.49</b>	<b>4,293,944.70</b>	<b>2,826,224.72</b>	<b>13,614,660.00</b>	<b>4,988,407.88</b>	<b>348,799,525.97</b>	<b>7,777,364,130.75</b>
<b>CURRENT LIABILITIES</b>							
Consumer Deposits	3,694,728	-	-	-	-	-	3,694,728
Employee Benefit Liabilities	39,013,827	7,145,730	-	-	-	59,591,622	105,751,179
Payables from Exchange Transactions	-	-	1,072,971	610,555	1,353,277	421,600,008	424,636,811
Payables from Non-exchange Transactions	206,284,287	-	-	-	-	57,062,660	263,346,947
Unspent Conditional Grants and Receipts	191,428,546	-	-	-	-	224,569	191,653,115
VAT Payable	-	-	-	-	-	8,470,750	8,470,750
Current Portion of Long-term Liabilities	2,203,474	1,369	-	-	-	343,274	2,548,117
	<b>442,624,862.50</b>	<b>7,147,098.37</b>	<b>1,072,970.65</b>	<b>610,555.44</b>	<b>1,353,277.31</b>	<b>547,292,883.29</b>	<b>1,000,101,647.57</b>
<b>NON-CURRENT LIABILITIES</b>							
Long-term liabilities	4,032,087	2,505	-	-	-	152,042	4,186,633
Employee Benefit Liabilities	55,460,362	10,198,059	-	-	-	77,906,440	143,524,861
	<b>59,492,449</b>	<b>10,160,564</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,058,482</b>	<b>147,711,494</b>
<b>TOTAL LIABILITIES</b>	<b>502,117,312</b>	<b>17,307,662</b>	<b>1,072,971</b>	<b>610,555</b>	<b>1,353,277</b>	<b>625,351,365</b>	<b>1,147,813,142</b>
Net Assets	<b>6,900,724,056</b>	<b>13,013,717</b>	<b>1,753,254</b>	<b>13,004,105</b>	<b>3,635,131</b>	<b>276,551,839</b>	<b>6,629,550,989</b>
Accumulated surplus / (Deficit)	6,900,724,056	(13,013,717)	1,753,254	13,004,105	3,635,131	(276,551,839)	6,629,550,989
Revaluation Surplus	-	-	-	-	-	-	-
	<b>6,900,724,056</b>	<b>(13,013,717)</b>	<b>1,753,254</b>	<b>13,004,105</b>	<b>3,635,131</b>	<b>(276,551,839)</b>	<b>6,629,550,989</b>



**Segment Statement of Financial Performance - Controlling Entity**

Figures in Rand	WATER & SANITATION	FIRE & RESCURE	OTHER DEPARTMENTS	TOTALS
<b>REVENUE</b>				
<b>Revenue from Exchange Transactions</b>				
Service Charges	303,752,916	-	-	303,752,916
Rental of Facilities and Equipment	-	-	33,855	33,855
Interest Earned - External Investments	-	-	10,790,076	10,790,076
Interest Earned - Outstanding Debtors	32,877,677	-	-	32,877,677
Operational revenue	-	-	3,198,976	3,198,976
Income from Agency Services	-	-	203,152	203,152
<b>Total revenue from exchange transactions</b>	<b>336,630,593</b>	<b>-</b>	<b>14,226,059</b>	<b>350,856,652</b>
<b>Revenue from Non-exchange Transactions</b>				
<b>Transfer revenue</b>				
Government Grants and Subsidies Received	561,565,984	-	963,152,680	1,524,718,664
<b>Total revenue from non-exchange transactions</b>	<b>561,565,984</b>	<b>-</b>	<b>963,152,680</b>	<b>1,524,718,664</b>
<b>Total revenue</b>	<b>898,196,577</b>	<b>-</b>	<b>977,378,739</b>	<b>1,875,575,316</b>
<b>EXPENDITURE</b>				
Employee Related Costs	(306,182,437)	(53,382,223)	(371,739,478)	(731,304,138)
Remuneration of Councillors	-	-	(19,456,433)	(19,456,433)
Depreciation and Amortisation	(227,994,405)	(128,527)	(3,521,524)	(231,644,456)
Impairment Losses	(83,514,358)	-	(11,238,419)	(94,752,777)
Bad Debts Written off	(12,666,625)	-	-	(12,666,625)
Finance Costs	(5,148,690)	-	(16,560,621)	(21,709,311)
Contracted Services	(14,421,616)	(366,000)	(108,363,298)	(123,150,914)
Transfers and subsidies	(42,579,242)	(2,898,514)	(58,444,860)	(103,922,616)
Inventory Consumed	(34,149,991)	-	(1,145,158)	(35,295,149)
Inventory Losses	(11,439,667)	-	-	(11,439,667)
Operational Costs	(104,261,580)	(233,868)	(95,714,278)	(200,209,726)
<b>Total expenditure</b>	<b>(842,358,611)</b>	<b>(57,009,132)</b>	<b>(686,184,069)</b>	<b>(1,585,551,812)</b>
<b>Operating surplus</b>	<b>55,837,966</b>	<b>(57,009,132)</b>	<b>291,194,670</b>	<b>290,023,504</b>
Reversal of Impairment	26,666	-	-	26,666
Gains / (Losses) on Disposal of Property, Plant and Equipment	635,028	358	9,808	645,194
Actuarial Gain / (Loss)	5,804,580	1,012,016	7,047,405	13,864,000
	<b>6,466,274</b>	<b>1,012,374</b>	<b>7,057,213</b>	<b>14,535,860</b>
<b>Surplus for the year</b>	<b>62,304,239</b>	<b>(55,996,758)</b>	<b>298,251,883</b>	<b>304,559,364</b>

**OR Tambo District Municipality**

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2022

**Annexure "A"**
**Segment Statement of Financial Position as at 30 June 2022 - Controlling Entity**

Figures in Rand	WATER & SANITATION	FIRE & DISASTER	OTHER DEPARTMENTS	TOTALS
<b>CURRENT ASSETS</b>				
Inventories	122,452	-	11,468,750	11,591,202
Receivables from Exchange Transactions	141,538,534	-	17,235,637	158,774,171
Receivables from Non-exchange Transactions	1,372,688	-	13,360	1,386,048
Prepayments	306,442	-	-	306,442
VAT Receivable	59,021,808	33,272	911,631	59,966,711
Cash and Cash Equivalents	231,673,735	-	152,127,622	383,801,357
	<b>434,035,659</b>	<b>33,272</b>	<b>181,757,000</b>	<b>615,825,931</b>
<b>NON-CURRENT ASSETS</b>				
Property, Plant and Equipment	7,134,445,068	4,021,884	110,196,208	7,265,663,160
Intangible Assets	-	-	636,046	636,046
Heritage Assets	-	-	247,025	247,025
	<b>7,134,445,068</b>	<b>4,021,884</b>	<b>111,079,279</b>	<b>883,071</b>
<b>TOTAL ASSETS</b>	<b>7,568,480,727</b>	<b>4,055,156</b>	<b>292,836,279</b>	<b>616,709,002</b>
<b>CURRENT LIABILITIES</b>				
Consumer Deposits	3,312,153	-	-	3,312,153
Employee Benefit Liabilities - Current portion	42,250,991	7,366,366	51,297,395	100,914,752
Payables from Exchange Transactions	-	-	488,259,971	488,259,971
Payables from Non-exchange Transactions	1,372,688	-	39,948,325	41,321,013
Unspent Conditional Grants and Receipts	185,206,016	-	3,023,999	188,230,015
Current Portion of Finance Lease Liabilities	2,375,865	1,339	36,697	2,413,901
	<b>234,517,713</b>	<b>7,367,705</b>	<b>582,566,387</b>	<b>824,451,805</b>
<b>NON-CURRENT LIABILITIES</b>				
Finance Lease Liabilities	714,039	124,491	866,922	1,705,452
Employee Benefit Liabilities	62,319,266	10,865,225	75,662,509	148,847,000
	<b>63,033,305</b>	<b>10,989,716</b>	<b>76,529,431</b>	<b>150,552,452</b>
<b>TOTAL LIABILITIES</b>	<b>297,551,018</b>	<b>18,357,421</b>	<b>659,095,818</b>	<b>975,004,257</b>
Net Assets	<b>7,270,929,709</b>	<b>(14,302,265)</b>	<b>(366,259,539)</b>	<b>(358,295,255)</b>
Accumulated surplus / (Deficit)	7,270,929,709	(14,302,265)	(384,236,997)	6,872,390,447
Revaluation Surplus	-	-	17,977,458	17,977,458
	<b>7,270,929,709</b>	<b>(14,302,265)</b>	<b>(366,259,539)</b>	<b>6,890,367,905</b>

**Segment Statement of Financial Performance - Controlling Entity**

Figures in Rand	WATER & SANITATION	FIRE & RESCURE	OTHER DEPARTMENTS	TOTALS
<b>REVENUE</b>				
<b>Revenue from Exchange Transactions</b>				
Service Charges	300,164,216	-	-	300,164,216
Rental of Facilities and Equipment	-	-	7,170	7,170
Interest Earned - External Investments	-	-	15,461,947	15,461,947
Interest Earned - Outstanding Debtors	24,970,985	-	-	24,970,985
Operational revenue	503,133	-	1,134,749	1,637,882
Income from Agency Services	-	-	217,997	217,997
<b>Total revenue from exchange transactions</b>	<b>325,638,334</b>	<b>-</b>	<b>16,821,863</b>	<b>342,460,197</b>
<b>Revenue from Non-exchange Transactions</b>				
<b>Transfer revenue</b>				
Government Grants and Subsidies Received	1,668,587,160	-	12,314,140	1,680,901,300
<b>Total revenue from non-exchange transactions</b>	<b>1,668,587,160</b>	<b>-</b>	<b>12,314,140</b>	<b>1,680,901,300</b>
<b>Total revenue</b>	<b>1,994,225,494</b>	<b>-</b>	<b>29,136,003</b>	<b>2,023,361,497</b>
<b>EXPENDITURE</b>				
Employee Related Costs	(293,920,255)	(53,834,111)	(412,876,506)	(760,630,872)
Remuneration of Councillors	-	-	(20,384,515)	(20,384,515)
Depreciation and Amortisation	(227,546,497)	(141,340)	(4,783,428)	(232,471,264)
Impairment Losses	(33,764,752)	-	-	(33,764,752)
Bad Debts Written off	(19,587,153)	-	-	(19,587,153)
Finance Costs	(868,871)	-	(16,032,120)	(16,900,991)
Contracted Services	(48,865,685)	(3,321,678)	(92,677,564)	(144,864,927)
Transfers and subsidies	(192,193,542)	(2,501,700)	(101,340,114)	(296,035,356)
Inventory Consumed	(19,376,897)	-	(17,938,256)	(37,315,153)
Inventory Losses	(12,486,997)	-	-	(12,486,997)
Operational Costs	(81,452,032)	(1,159,989)	(117,638,027)	(200,250,048)
<b>Total expenditure</b>	<b>(930,062,681)</b>	<b>(60,958,818)</b>	<b>(783,670,530)</b>	<b>(1,774,692,028)</b>
<b>Operating surplus</b>	<b>1,064,162,813</b>	<b>(60,958,818)</b>	<b>(754,534,527)</b>	<b>248,669,469</b>
Gains / (Losses) on Disposal of Property, Plant and Equipment	49,054	30	1,031	50,116
Actuarial Gain / (Loss)	(2,075,443)	(380,136)	(2,915,422)	(5,371,000)
	<b>(2,026,388)</b>	<b>(380,105)</b>	<b>(2,914,390)</b>	<b>(5,320,884)</b>
<b>Surplus for the year</b>	<b>1,062,136,425</b>	<b>(61,338,923)</b>	<b>(757,448,917)</b>	<b>243,348,585</b>

**OR Tambo District Municipality**

(Registration number : DC15)

Consolidated Annual Financial Statements for the year ended 30 June 2021

**Annexure "A"**
**Segment Statement of Financial Position as at 30 June 2021 - Controlling Entity**

Figures in Rand	WATER & SANITATION	FIRE & DISASTER	OTHER DEPARTMENTS	TOTALS
<b>CURRENT ASSETS</b>				
Inventories	144,858	-	12,133,879	12,278,737
Receivables from Exchange Transactions	139,476,639	-	21,141,615	160,618,254
Receivables from Non-exchange Transactions	2,097,127	-	483,354	2,580,481
Prepayments	64,296,233	-	-	64,296,233
VAT Receivable	37,240,356	23,132	782,858	38,046,346
Cash and Cash Equivalents	283,886,063	-	113,516,991	397,403,054
	<b>527,141,276</b>	<b>23,132</b>	<b>148,058,697</b>	<b>675,223,105</b>
<b>NON-CURRENT ASSETS</b>				
Property, Plant and Equipment	6,875,700,091	4,270,813	144,539,314	7,024,510,218
Intangible Assets	-	-	959,518	959,518
Heritage Assets	-	-	247,025	247,025
	<b>6,875,700,091</b>	<b>4,270,813</b>	<b>145,745,857</b>	<b>7,025,716,761</b>
<b>TOTAL ASSETS</b>	<b>7,402,841,367</b>	<b>4,293,945</b>	<b>293,804,554</b>	<b>7,700,939,866</b>
<b>CURRENT LIABILITIES</b>				
Consumer Deposits	3,694,728	-	-	3,694,728
Employee Benefit Liabilities - Current portion	39,013,827	7,145,730	54,803,615	100,963,172
Payables from Exchange Transactions	-	-	424,204,993	424,204,993
Payables from Non-exchange Transactions	206,284,287	-	56,615,679	262,899,966
Unspent Conditional Grants and Receipts	191,428,546	-	22,000	191,450,546
Current Portion of Finance Lease Liabilities	2,203,474	1,369	46,321	2,251,164
	<b>442,624,862</b>	<b>7,147,098</b>	<b>535,692,608</b>	<b>985,464,569</b>
<b>NON-CURRENT LIABILITIES</b>				
Finance Lease Liabilities	4,032,087	2,505	84,762	4,119,353
Employee Benefit Liabilities	55,460,362	10,158,059	77,906,440	143,524,861
	<b>59,492,449</b>	<b>10,160,564</b>	<b>77,991,202</b>	<b>147,644,214</b>
<b>TOTAL LIABILITIES</b>	<b>502,117,312</b>	<b>17,307,662</b>	<b>613,683,810</b>	<b>1,133,108,783</b>
Net Assets	<b>6,900,724,056</b>	<b>(13,013,717)</b>	<b>(319,879,256)</b>	<b>6,567,831,083</b>
Accumulated surplus / (Deficit)	6,900,724,056	(13,013,717)	(319,879,256)	6,567,831,083
	<b>6,900,724,056</b>	<b>(13,013,717)</b>	<b>(319,879,256)</b>	<b>6,567,831,083</b>